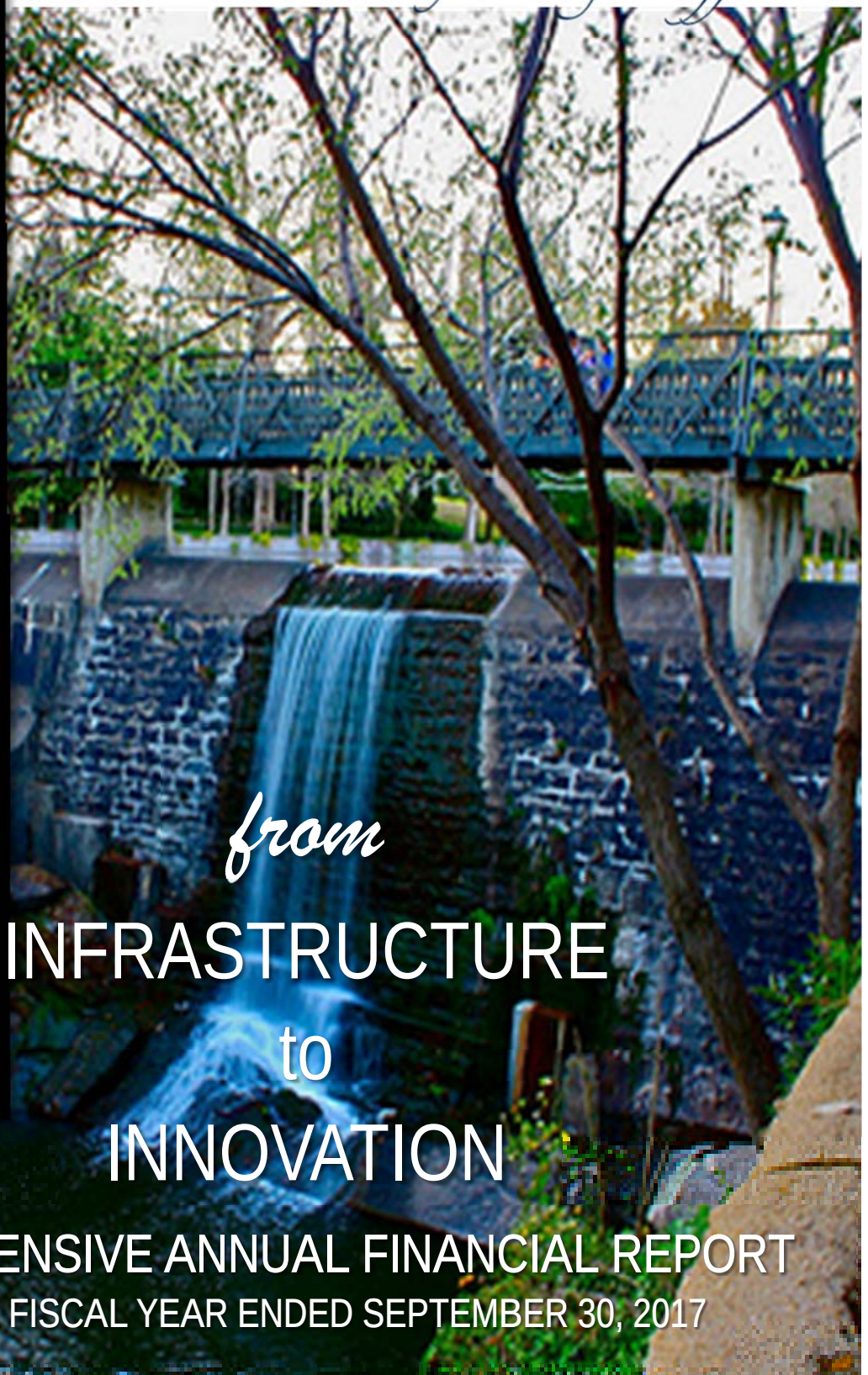
THE TOWN OF

Highland Park

TEXAS

An American Community Making a Difference



from

INFRASTRUCTURE

to

INNOVATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Town of Highland Park, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended

September 30, 2017

Prepared by:

Finance Department

Town of Highland Park, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended

September 30, 2017

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Town of Highland Park, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended

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INTRODUCTORY SECTION

THE TOWN OF
Highland Park
TEXAS
4700 DREXEL DRIVE, HIGHLAND PARK, TEXAS 75205
Telephone (214) 521-4161

January 22, 2018

The Honorable Mayor, Town Council and the Citizens
of the Town of Highland Park:

The Town of Highland Park ("Town") Financial Management Policies require that the Town's Finance Department prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Accordingly, the Comprehensive Annual Financial Report for the Town of Highland Park, Texas for the fiscal year ended September 30, 2017, is hereby issued.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making the representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by **BKD, LLP**, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

Profile of the Town

The Town was incorporated in 1913 and chartered as a home-rule city under Texas law in 1975. The Town is a fully developed upper-class residential community located in the heart of Dallas, just a few miles north of the Dallas central business district. The Town occupies approximately 2.2 square miles and serves a population of about 9,150. The Town is empowered by state statute to levy a property tax on both real and business personal property located within its boundaries.

The Town operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and five (5) Council members. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the Town Administrator (manager) and Town Attorney. The Town Administrator is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing heads of various departments. The Mayor and Town Council members serve two (2) year terms with a limit of three (3) terms in either capacity. All elected officials are elected at large.

The Town provides a full range of services, including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm sewer collection and transmission systems, library services as well as general administrative services.

The annual budget serves as the foundation of the Town's financial planning and control. The respective department heads prepare and submit line item budget requests for the operations and maintenance portion of their respective departments as well as a listing of capital items for consideration. The personnel portion of the budget is developed by the Town's Administrative Services and Chief Financial Officer, utilizing market data compiled from other cities and compensation professionals. The Town Administrator uses these requests as the starting point for developing a proposed budget. The Town's Charter requires that the proposed budget be submitted to the Town Secretary no later than August 31st with adoption taking place no later than September 30th. The entire budget process includes public involvement as the various elements composing the budget are reviewed in open and advertised public meetings. The appropriated budget is prepared by fund and department (*e.g.* Public Safety). Department heads may make transfers of appropriations within a department's budgeted operations and maintenance levels, however, reallocation of personnel and capital appropriations must be approved by the Town Administrator. Amendments to budget dollar amounts must be approved by the Town Council. Budget-to-actual comparisons are provided in this report for the General Fund on page 25.

Local Economy

Property tax revenues provide a significant portion of the Town's total governmental revenue within its General Fund. Historically, the Town has realized strong property value growth year-to-year, which was also experienced for fiscal year 2017. The property tax rate remained unchanged from 2017, resulting in property tax revenues being higher than the prior year. Even with the lowest municipal property tax rate in the Dallas/Ft. Worth Metroplex, property tax revenues are still considered a viable revenue source.

Building activity, which is an indicator of the economy, was steady throughout the community in fiscal year 2017 with the Town experiencing the addition of new homes, as well as continued renovations of the Highland Park Shopping Village. Sales tax revenue, another indicator of the economy, remained constant and was comparable to sales tax collected in the previous fiscal year. While Town Management remains optimistic that these signs point to continued improvement in the local economy, the Town is closely monitoring all local economic indicators with the intention of being able to respond as needed.

Relevant Financial Policies

The Town's financial operations are guided by the Statement of Financial Management Policies as adopted by the Town Council. The purpose of these policies is to provide guidelines, in accordance with the applicable Texas Statutes and the Town of Highland Park Charter, Ordinances and Resolutions, for the planning and direction of the financial affairs of the Town. The intended goal of the Statement of Financial Management Policies is to enable the Town to adhere to the principles of sound municipal finance and to continue its long-term stable and positive financial condition.

Long-term Financial Planning

At September 30, 2017, General Fund unassigned fund balance exceeded the reserve amount required by its fund balance policy of 17% of operating expenditures. Moreover, the unrestricted net position requirement of 25% operating expenses within the Enterprise Fund was also met. The General Fund ended the year with an unassigned fund balance equivalent to 20.6% of current year expenditures, while the Enterprise Fund unrestricted net position was 62.3% of current year operating expenses. In addition, the Enterprise Fund had $140,800 in encumbrances at year end. The unrestricted net position equates to 60.4% of current year operating expenses once this item is taken into account.

Town management, in conjunction with the Council, developed and adopted a formal Capital Improvement Plan (CIP) for the Town during the year. The development of a formal CIP resulted in a separate multi-year capital budget, which is in addition to the Town's annual operating budget. Projects selected for inclusion in the CIP are evaluated based on several areas: safety, impact on Town services, quality of life, necessity, outside financial sources, and budgetary impact.

The Town is committed to continue funding its capital program on a pay-as-you-go basis. The development of a formal CIP and the use of fund balances within the General and Utility Fund in excess of the established minimums will each play a significant role in the Town's short-term and long-term financial strategies.

Awards

The Town of Highland Park received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2016. This was the thirty-fourth time that the Town has achieved this prestigious honor. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by the Town and its management.

A Certificate of Achievement is valid for a period of one year. We believe that our CAFR for the current year also meets the requirements of the Certificate of Achievement program and are presenting it to the GFOA to determine its eligibility for another certificate.

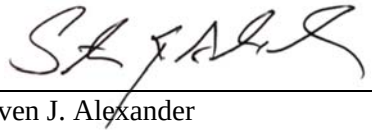
The Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget dated October 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Town. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and Town Council members for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectively submitted,

Bill Lindley
Town Administrator



Steven J. Alexander
Director of Administrative Services & CFO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland Park

Texas

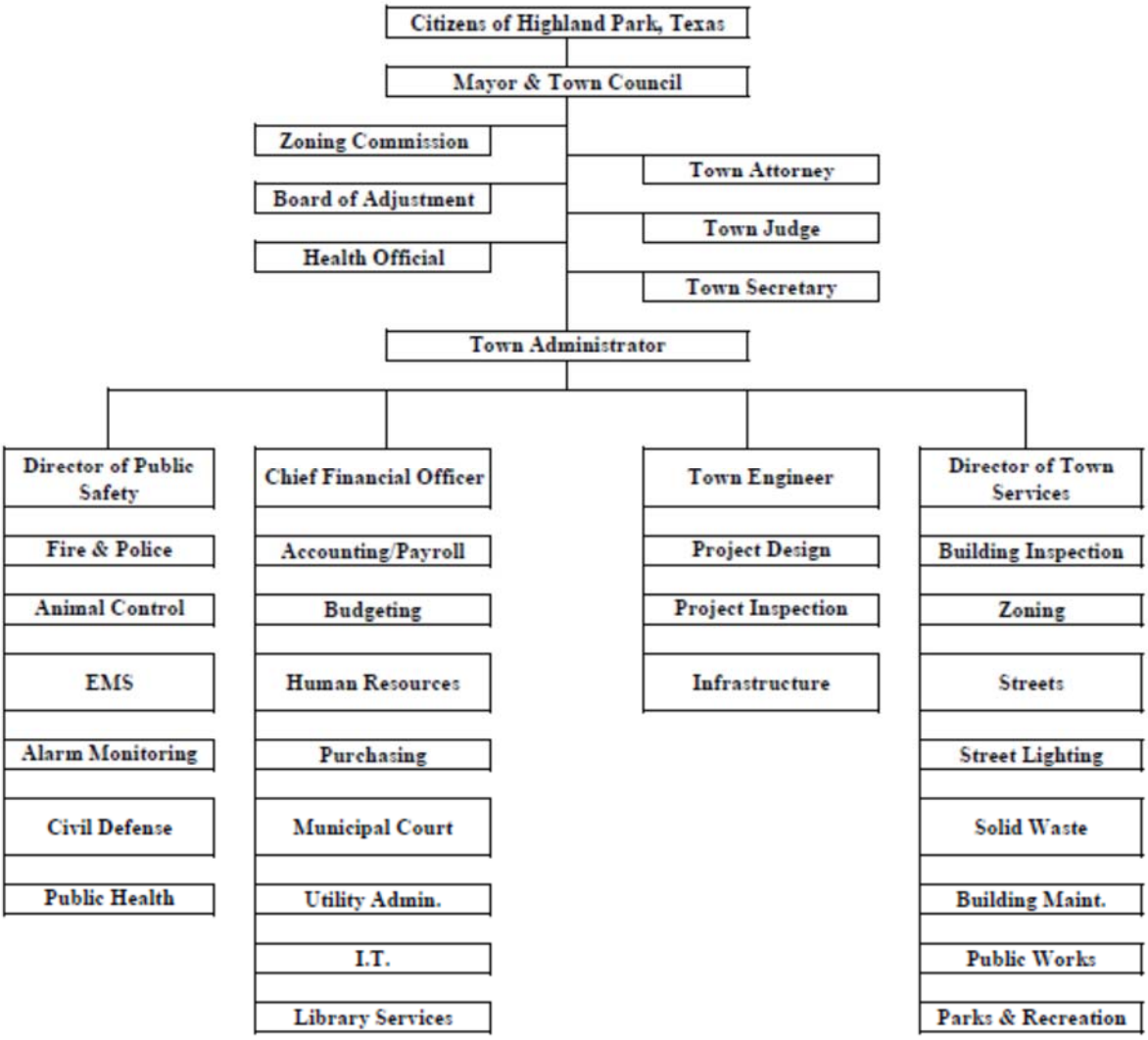
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Town of Highland Park, Texas
Organizational Structure



LISTING OF PRINCIPAL OFFICIALS

Town Council

Joel T. Williams III, Mayor
Bob Carter, Mayor Pro Tem
David Dowler, Council Member
Eric Gambrell, Council Member
Margo Goodwin, Council Member
John McKnight, Council Member

Town Administrator
Bill Lindley

Town Attorney
Matthew Boyle

Town Judge
Albert Hammack

Town Secretary
Gayle Kirby

Director of Administrative Services and CFO
Steven J. Alexander

Director of Public Safety
Rick Pyle

Director of Town Services
Ronnie Brown

Town Engineer
Lori Chapin

Town Librarian
Kortney Nelson

FINANCIAL SECTION

BKD LLP
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 // Dallas, TX 75254-2961
972.702.8262 // fax 972.702.0673 // bkd.com

Independent Auditor's Report

Honorable Mayor and Members of the Town Council
of the Town of Highland Park
Highland Park, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Highland Park (Town), as of and for the year ended September 30, 2017 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Highland Park as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining statements and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2018, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
January 22, 2018

Management's Discussion and Analysis

As management of the Town of Highland Park (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $100,389,830 (net position). Of this amount, $22,715,443 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased a total of $4,088,717, the result of operations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $14,643,216, an increase of $2,792,073 in comparison with the prior year. Approximately 26.5% of the reported combined ending fund balances, or $3,885,817, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $3,885,817, or 20.6%, of total General Fund expenditures and the unrestricted net position for the Enterprise Fund was $4,783,514, or 62.3%, of total Enterprise Fund operating expenses. However, the Enterprise Fund had $140,800 in encumbrances at year end.
- Total governmental capital outlay of $1,061,411 was primarily funded through resources within the Capital Projects Fund set aside for that purpose.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows and outflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish between governmental activities (*i.e.*, functions of the Town that are principally supported by taxes and intergovernmental revenues) and business-type activities (*i.e.*, functions that are intended to recover all or a significant portion of their cost through user fees and charges). The governmental activities of the Town include general government, public safety, streets, library services and parks and recreation. The business-type activities of the Town include the distribution and sale of treated water and the collection and disposal of sewerage.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains nine individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget.

Proprietary Funds: The Town maintains three different types of proprietary funds. The Enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its distribution and sale of treated water, the collection and disposal of sanitary sewer and the collection and disposal of solid waste. The Town elected to report the activity related to solid waste in the Enterprise Fund rather than the General Fund in fiscal year 2017 as it more closely aligns with a proprietary fund. The Town also elected to leave the related residual net position in the General Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles, building maintenance and management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-51 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertaining to the Town's funding of its obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System and the Town's funding of its other post-employment benefit obligation. Also included are the combining fund financial statements. This supplementary information may be found on pages 52-61 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $100,389,830 at the close of the most recent fiscal year.

The largest portion of the Town's net position (71.7%) is its investment in capital assets (*e.g.*, land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, $5,658,979 is restricted for Public Safety, Library and Pensions. The remaining balance of $22,715,443, unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 22,237,386	$ 19,754,427	$ 6,132,114	$ 5,986,277	$28,369,500	$25,740,704
Capital assets	46,996,507	46,764,910	25,099,033	21,977,963	72,095,540	68,742,873
Total assets	69,233,893	66,519,337	31,231,147	27,964,240	100,465,040	94,483,577
Deferred outflows of resources	4,898,388	6,288,927	632,557	792,766	5,530,945	7,081,693
Current liabilities	2,223,976	2,230,803	1,222,945	893,786	3,446,921	3,124,589
Long-term liabilities	1,373,780	1,373,047	130,643	183,190	1,504,423	1,556,237
Total liabilities	3,597,756	3,603,850	1,353,588	1,076,976	4,951,344	4,680,826
Deferred inflows of resources	581,218	517,123	73,593	66,208	654,811	583,331
Net Position						
Investment in capital assets	46,950,588	46,764,910	25,064,820	21,977,963	72,015,408	68,742,873
Restricted	5,070,790	6,427,046	588,189	757,365	5,658,979	7,184,411
Unrestricted	17,931,929	15,495,335	4,783,514	4,878,494	22,715,443	20,373,829
Total net position	$ 69,953,307	$ 68,687,291	$ 30,436,523	$ 27,613,822	$ 100,389,830	$ 96,301,113

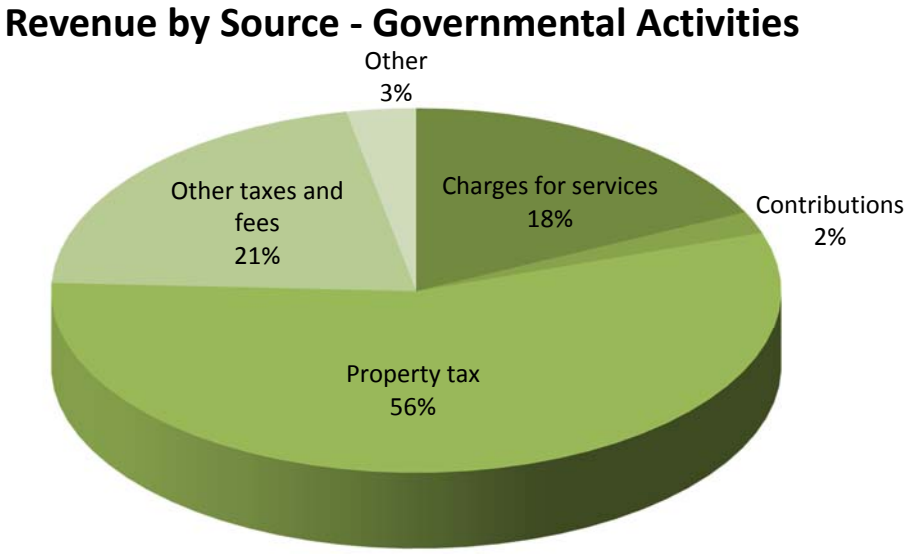
At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

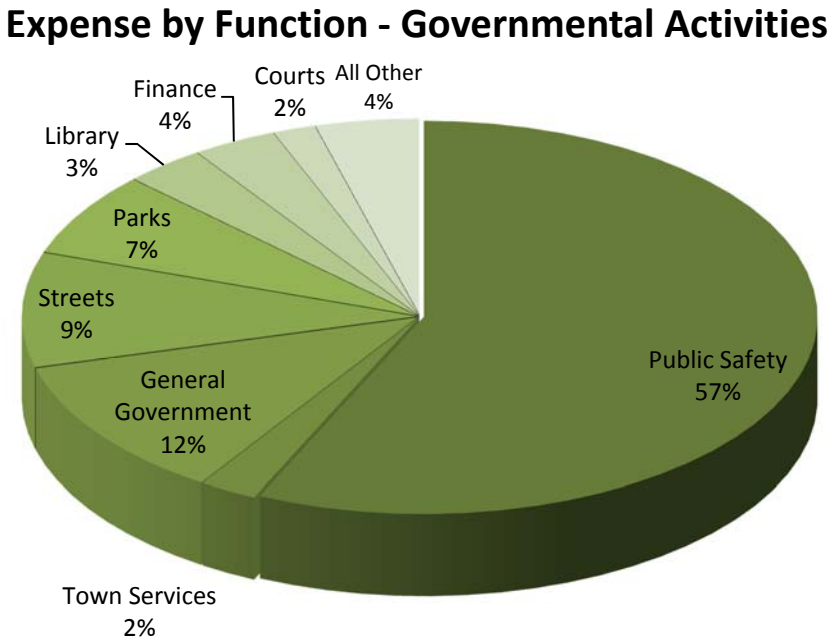
	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue						
Charges for services	$ 4,041,662	$ 4,657,644	$ 10,884,396	$ 9,685,418	$ 14,926,058	$ 14,343,062
Operating grants and contributions	38,422	38,436	-	-	38,422	38,436
Capital grants and contributions	402,065	892,238	768,705	551,244	1,170,770	1,443,482
General revenue						
Property tax	12,627,053	11,593,666	-	-	12,627,053	11,593,666
Other taxes and fees	4,792,396	4,866,964	-	-	4,792,396	4,866,964
Other	695,129	522,043	38,202	14,288	733,331	536,331
Total revenue	22,596,727	22,570,991	11,691,303	10,250,950	34,288,030	32,821,941
Expenses						
General government	2,619,896	2,384,232	7,684,059	6,303,437	10,303,955	8,687,669
Public safety	12,791,955	12,739,997	-	-	12,791,955	12,739,997
Town services	535,389	581,762	-	-	535,389	581,762
Streets	2,124,658	1,833,046	-	-	2,124,658	1,833,046
Street lighting	174,281	173,948	-	-	174,281	173,948
Library	748,880	858,706	-	-	748,880	858,706
Parks	1,560,182	1,440,116	-	-	1,560,182	1,440,116
Swimming pool	232,174	207,793	-	-	232,174	207,793
Sanitation	-	1,093,055	-	-	-	1,093,055
Municipal court	394,023	411,642	-	-	394,023	411,642
Finance	780,238	757,264	-	-	780,238	757,264
Building inspection	553,578	526,709	-	-	553,578	526,709
Total expenses	22,515,254	23,008,270	7,684,059	6,303,437	30,199,313	29,311,707
Transfers	1,184,543	1,099,425	(1,184,543)	(1,099,425)	-	-
Changes in Net Position	1,266,016	662,146	2,822,701	2,848,088	4,088,717	3,510,234
Net Position, Beginning of Year	68,687,291	68,025,145	27,613,822	24,765,734	96,301,113	92,790,879
Net Position, End of Year	$ 69,953,307	$ 68,687,291	$ 30,436,523	$ 27,613,822	$ 100,389,830	$ 96,301,113

For the fiscal year 2017, the Town's total net position increased $4,088,717, the result of operations. During the year, the Town experienced an increase in property tax revenue, which was directly related to an increase in taxable assessed values. The Town maintained its 22 cent tax rate per $100 of taxable assessed values between fiscal years 2016 and 2017.

Governmental activities: Governmental activities, excluding transfers, increased the Town's net position by $81,473. Charges for services decreased by $615,982 (13.2%). This decrease is primarily attributed to revenues and expenses associated with solid waste services being accounted for within the Enterprise Fund beginning in fiscal year 2016-17. Capital grants and contributions decreased by $490,173 (54.9%) primarily due to external funding for Preston Road received in fiscal year 2016 that was not repeated in fiscal year 2017 as phases of the project were completed.

Total revenues for fiscal year 2017 increased by $25,736 (0.1%) from 2016. Total expenses decreased $493,016 (2.1%) from 2016.

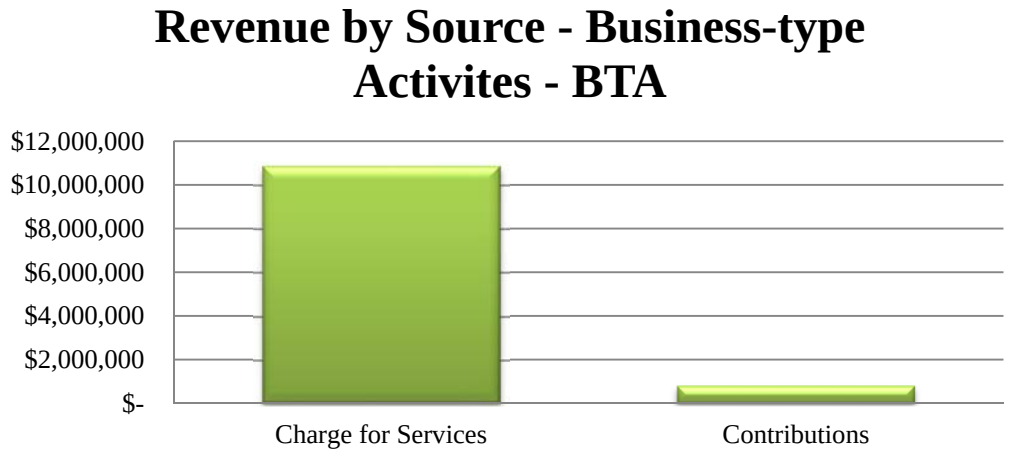


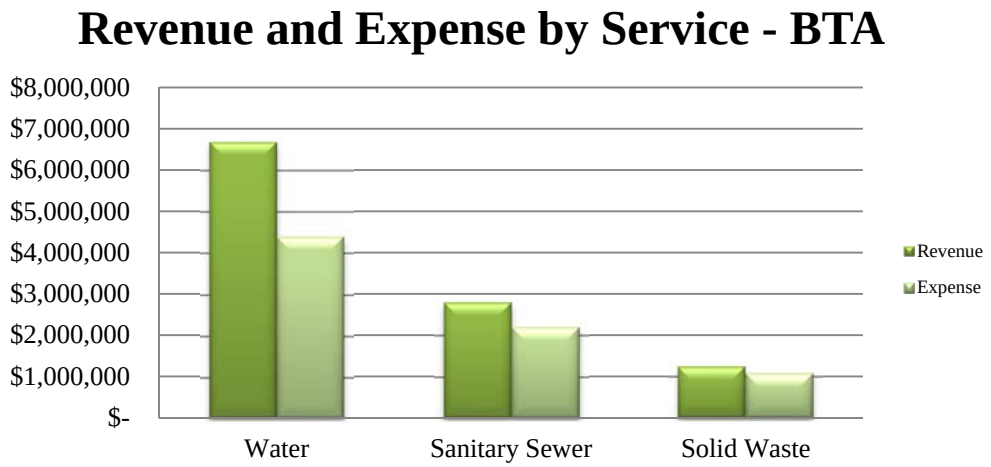


Business-type Activities: The rate structures for business-type activities are developed with the intent of generating resources sufficient to fund the cost of the respective service provided and for infrastructure replacement and/or rehabilitation. Net position from operations for business-type activities, excluding transfers, increased $4,007,244. Comparatively, the investment in business-type capital assets, net of depreciation, increased $3,086,857 for the year.

Total business-type revenues for 2017 increased by $1,440,353 (14.1%) from 2016 revenues. Charges for services increased by $1,198,978. These increases are directly attributed to sanitation services being accounted for in the Enterprise Fund beginning in fiscal year 2016-17. Revenues also included $768,705 in capital Grants and Contributions in part due to a $352,000 contribution from Dallas County Park Cities Municipal Utility District (DCPCMUD) to assist the Town in upgrading to an automatic meter reading system as well as an increase in developer donations related to storm drains and underground water discharge.

Transfers: Transactions of a significant nature that did not impact the Town's total net position involved transfers made in conjunction with the Town's capital improvement program. Annually, the Utility Fund transfers a portion of its current resources to the Town's Capital Improvement Fund. Since fiscal year 2013 an inter-fund transfer is made to the General Fund for the purpose of funding a portion of the administrative costs of running the Town that is attributed to the Utility Fund. Transfers in the amount of $1,034,200, were made from the Enterprise Fund to the General Fund for these purposes.





Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $14,643,216, an increase of $2,792,073 in comparison with the prior year. This increase consists of the net result of activities described below for each of the individual governmental funds.

Approximately 26.5% of total fund balance, or $3,885,817, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance includes amounts not available for new spending because it is 1) non-spendable and is for inventory and prepaid items ($159,937); 2) is restricted for special revenue funds and for use by the Library, Parks, DPS and Court ($642,530); 3) committed for capital acquisition, storm water drainage improvements and employee disbursement ($7,523,730); or 4) assigned for compensated absences and to liquidate contracts and purchase orders of the prior period ($2,431,202).

The General Fund is the primary operating fund of the Town. The total fund balance of the Town's General Fund increased by $745,879 during the current fiscal year; this was primarily the net result of (1) an excess of revenues over expenditures of $2,360,660 (increase); (2) a budgeted transfer in the amount of $2,675,892 from current revenues to the Capital Projects Fund (decrease); (3) a transfer-in of $1,034,200 from the Utility Fund for the purpose of funding the Utility Fund's portion of administrative costs related to Town operations.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.6% of total General Fund expenditures, while total fund balance represents 28.9% of that same amount.

The Capital Projects Fund ended the fiscal year with a total fund balance of $6,283,339, all committed or assigned for capital acquisitions and projects. Of this amount, $5,669,723 is restricted for capital acquisition.

The total fund balance of the Capital Projects Fund increased by $836,411 during the current fiscal year; this was the net result of (1) expenditures being higher than revenues by $724,926 resulting in a decrease of fund balance (2) $3,204,537 in transfers into the Capital Projects Fund (General Fund $2,675,892 and the Enterprise Fund $466,818); and (3) a transfer to the Utility Fund of $1,643,200.

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Town's Enterprise Fund at the end of the year amounted to $4,783,514, a decrease of $94,980, while total net position increased $2,822,701. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The final amended budget for expenditures and transfers out $108,858 more than the original budget. Actual fiscal year 2017 General Fund expenditures, including transfers out were $814,340 (3.6%) less than the final amended budget.

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of September 30, 2017 amounts to $72,095,540 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and park facilities. The net increase in the Town's investment in capital assets for the current fiscal year was $3,352,667, or 4.9% and primarily related to infrastructure improvements to the Town's utility and roadway system.

Additional information on the Town's capital assets can be found in *Note 4* on pages 41-42 of this report.

Economic Factors and Next Year's Budgets and Rates

The preparation of the fiscal year 2017-18 Operating Budget continued to be positively impacted by the improving economy. Property values continue to improve and have surpassed pre-recession levels, building activity and sales tax revenue continue to remain relatively constant as well. Significant factors considered in preparing the budget include:

- Taxable property values for the 2017 tax year increased by $246,589,584 (4.3%). As a result, property tax revenues will be higher due to the combination of a continued increase in values and the decision to keep the tax rate at $0.22/$100 of taxable assessed valuation.
- Sales taxes have remained relatively constant during 2017, the result of strong retail sales within the Town. The Town is projecting sales tax revenue of $3,720,000 for the 2018 budget year, which is 1.6% below the amount budgeted for 2017.
- Water sales have remained constant during 2017 compared to 2016. Water consumption in 2017 was below the five-year average which is what water sales are based on in the 2018 budget. As a result, the water sales budget for 2018 is 4.4% higher than the amount collected in 2017.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Highland Park
Finance Department
4700 Drexel Drive
Highland Park, Texas 75205

BASIC FINANCIAL STATEMENTS

Town of Highland Park
Statement of Net Position
September 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 13,347,957	$ 3,248,234	$ 16,596,191
Investments	6,615,880	806,715	7,422,595
Receivables (net of allowances for uncollectibles)	1,335,034	1,665,045	3,000,079
Inventories	3,207	169,160	172,367
Prepaids	156,730	19,325	176,055
Restricted assets			
Cash and cash equivalents	515,503	194,410	709,913
Investments	151,985	-	151,985
Net pension asset	111,090	29,225	140,315
Capital assets (net of accumulated depreciation, where applicable)			
Depreciable	41,453,027	21,853,985	63,307,012
Non-depreciable	5,543,480	3,245,048	8,788,528
Total assets	69,233,893	31,231,147	100,465,040
Deferred Outflows of Resources			
Deferred pension contributions	456,608	55,931	512,539
Deferred pension investment loss	2,964,223	385,503	3,349,726
Deferred pension experience loss	568,001	73,232	641,233
Deferred pension assumption change loss	909,556	117,891	1,027,447
Total deferred outflows of resources	4,898,388	632,557	5,530,945
Liabilities			
Vouchers payable	$ 1,087,846	$ 885,180	$ 1,973,026
Retainage payable	45,919	34,213	80,132
Accrued liabilities	237,116	25,307	262,423
Deposits	72,925	194,410	267,335
Noncurrent liabilities			
Due within one year	780,170	83,835	864,005
Due in more than one year	1,373,780	130,643	1,504,423
Total liabilities	3,597,756	1,353,588	4,951,344
Deferred Inflows of Resources			
Deferred pension experience gain	581,218	73,593	654,811
Net Position			
Net investment in capital assets	46,950,588	25,064,820	72,015,408
Restricted for public safety	383,860	-	383,860
Restricted for library	258,670	-	258,670
Restricted for pensions	4,428,260	588,189	5,016,449
Unrestricted	17,931,929	4,783,514	22,715,443
Total net position	$ 69,953,307	$ 30,436,523	$ 100,389,830

The notes to the financial statements are an integral part of this statement

Town of Highland Park
Statement of Activities
Fiscal Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Governmental Activities							
General government	$ 2,619,896	$ 416,071	$ 25,928	$ 402,065	$ (1,775,832)	$ -	$ (1,775,832)
Department of public safety	12,791,955	856,381	-	-	(11,935,574)	-	(11,935,574)
Town services	535,389	-	-	-	(535,389)	-	(535,389)
Street department	2,124,658	-	-	-	(2,124,658)	-	(2,124,658)
Street lighting department	174,281	-	-	-	(174,281)	-	(174,281)
Library	748,880	8,729	12,494	-	(727,657)	-	(727,657)
Parks department	1,560,182	11,643	-	-	(1,548,539)	-	(1,548,539)
Swimming pool	232,174	100,667	-	-	(131,507)	-	(131,507)
Municipal court	394,023	1,194,712	-	-	800,689	-	800,689
Finance department	780,238	-	-	-	(780,238)	-	(780,238)
Building inspection department	553,578	1,453,459	-	-	899,881	-	899,881
Total governmental activities	22,515,254	4,041,662	38,422	402,065	(18,033,105)	-	(18,033,105)
Business-type Activities							
Enterprise	7,684,059	10,884,396	-	768,705	-	3,969,042	3,969,042
Total business-type activities	7,684,059	10,884,396	-	768,705	-	3,969,042	3,969,042
Total primary government	$ 30,199,313	$ 14,926,058	$ 38,422	$ 1,170,770	$ (18,033,105)	$ 3,969,042	$ (14,064,063)
General Revenues							
Property taxes					$ 12,627,053	$ -	$ 12,627,053
Sales taxes					3,480,389	-	3,480,389
Other taxes					219,135	-	219,135
Franchise taxes					1,037,496	-	1,037,496
Penalties and interest on taxes					55,376	-	55,376
Interest on investments					206,841	38,202	245,043
Miscellaneous income					488,288	-	488,288
Transfers					1,184,543	(1,184,543)	-
Total general revenues and transfers					19,299,121	(1,146,341)	18,152,780
Change in net position					1,266,016	2,822,701	4,088,717
Net Position, Beginning of Year					68,687,291	27,613,822	96,301,113
Net Position, End of Year					$ 69,953,307	$ 30,436,523	$ 100,389,830

The notes to the financial statements are an integral part of this statement

Town of Highland Park
Balance Sheet – Governmental Funds
September 30, 2017

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 2,836,970	$ 5,135,048	$ 2,230,768	$ 10,202,786
Investments	2,501,675	1,515,629	732,045	4,749,349
Receivables, net				
Interest	810	1,175	-	1,985
Taxes	1,004,217	-	-	1,004,217
Other	185,764	-	-	185,764
Fines	140,332	-	202	140,534
Inventories	3,207	-	-	3,207
Prepaids	156,730	-	-	156,730
Total assets	$ 6,829,705	$ 6,651,852	$ 2,963,015	$ 16,444,572
Liabilities				
Vouchers payable	$ 650,373	$ 326,704	$ 35,972	$ 1,013,049
Retainage payable	-	41,809	4,110	45,919
Accrued liabilities	237,116	-	-	237,116
Deposits	72,925	-	-	72,925
Total liabilities	960,414	368,513	40,082	1,369,009
Deferred Inflows of Resources				
Unavailable revenue- property taxes	169,607	-	-	169,607
Unavailable revenue- ambulance	122,408	-	-	122,408
Unavailable revenue- fines	140,332	-	-	140,332
Total deferred inflows of resources	432,347	-	-	432,347
Fund Balances				
Nonspendable				
Inventories	3,207	-	-	3,207
Prepaids	156,730	-	-	156,730
Restricted				
Crime prevention	-	-	32,076	32,076
Court technology	-	-	85,382	85,382
Court security	-	-	7,227	7,227
DPS technology	4,000	-	255,175	259,175
Library	10,000	-	248,670	258,670
Committed	-			
Capital acquisition	-	5,669,723	-	5,669,723
Stormwater drainage improvements	-	-	1,845,191	1,845,191
Employee Christmas fund	-	-	8,816	8,816
Assigned				
Capital projects	-	613,616	-	613,616
Drainage	-	-	440,396	440,396
Other	1,377,190	-	-	1,377,190
Unassigned	3,885,817	-	-	3,885,817
Total fund balances	5,436,944	6,283,339	2,922,933	14,643,216
Total liabilities, deferred inflows of resources and fund balances	$ 6,829,705	$ 6,651,852	$ 2,963,015	$ 16,444,572

The notes to the financial statements are an integral part of this statement

Town of Highland Park

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2017

Total fund balances — governmental funds balance sheet	$	14,643,216
Amounts reported for governmental activities in the statement of net position (SNP) are different because		
Net pension assets are not reported in the funds.		111,090
Deferred outflows related to pension contributions and pension losses are not reported in the funds.		4,898,388
Deferred inflows related to pension experience gains are not reported in the funds.		(581,218)
Capital assets used in governmental activities, including the internal service fund, are not reported in the funds.		46,996,507
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		169,607
Ambulance receivables unavailable to pay for current period expenditures are deferred in the funds.		122,408
Court fine receivables unavailable to pay for current period expenditures are deferred in the funds.		140,332
The long-term liability for other post employment benefits are not recorded in the funds.		(541,695)
Internal service funds are used by the Town's management: The assets and liabilities of the internal service funds are included with the governmental activities. The net property of $3,624,880 as is relates to the internal service funds is included in the capital asset amount above.		5,606,927
Payables for compensated absences are not reported in the funds.		(1,612,255)
Net position of governmental activities — SNP	$	69,953,307

The notes to the financial statements are an integral part of this statement

Town of Highland Park

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2017

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 12,593,539	$ -	$ -	$ 12,593,539
Sales taxes	3,480,389	-	-	3,480,389
Other taxes	219,135	-	-	219,135
Franchise fees	1,037,496	-	-	1,037,496
Penalties and interest	55,376	-	-	55,376
Licenses and permits	1,499,728	-	-	1,499,728
Service fees	1,423,343	-	635,624	2,058,967
Fines and forfeitures	462,396	-	-	462,396
Investment income	77,996	58,267	17,571	153,834
Contributions	22,408	402,065	16,014	440,487
Miscellaneous	314,940	-	105,092	420,032
Total revenues	21,186,746	460,332	774,301	22,421,379
Expenditures				
General government	1,923,974	-	90,050	2,014,024
Department of public safety	11,317,717	-	199,307	11,517,024
Town services	522,547	-	-	522,547
Street department	823,546	593,071	-	1,416,617
Street lighting department	172,221	-	-	172,221
Library	666,763	-	11,383	678,146
Parks department	1,445,195	-	-	1,445,195
Swimming pool	205,460	-	-	205,460
Municipal court	371,904	-	21,912	393,816
Finance department	811,923	-	-	811,923
Building inspection department	553,578	-	-	553,578
Capital Outlay	11,258	592,187	457,966	1,061,411
Total expenditures	18,826,086	1,185,258	780,618	20,791,962
Excess (deficiencies) of revenues over expenditures	2,360,660	(724,926)	(6,317)	1,629,417
Other Financing Sources (Uses)				
Sales of general capital assets	3,011	-	-	3,011
Transfers in	1,058,100	3,204,537	1,350,000	5,612,637
Transfers out	(2,675,892)	(1,643,200)	(133,900)	(4,452,992)
Net other financing sources (uses)	(1,614,781)	1,561,337	1,216,100	1,162,656
Net Change in Fund Balances	745,879	836,411	1,209,783	2,792,073
Fund Balance, Beginning of Year	4,691,065	5,446,928	1,713,150	11,851,143
Fund Balances, End of Year	$ 5,436,944	$ 6,283,339	$ 2,922,933	$ 14,643,216

The notes to the financial statements are an integral part of this statement

Town of Highland Park

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2017

Net change in fund balances – total governmental funds	$	2,792,073
Capital outlays are not reported as expenses in the SOA.		1,061,411
Loss on disposals of capital assets are not reported in the funds		(6,350)
The depreciation of capital assets used in governmental activities, excluding the Internal Service Funds, is not reported in the funds.		(1,668,166)
Compensated absence are reported as the amount earned in the SOA but as the amount paid in the funds.		(20,682)
Property taxes levied and ambulance service revenue earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of estimated uncollectible) in the SOA. This is the net change in unearned property taxes, ambulance fees and court fines for the year.		54,087
Expenditures related to the long-term liability for other post employment benefits are not reported in the funds.		(21,660)
Pension expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the SOA.		(1,468,361)
Internal service funds are used by management to charge the costs of certain activities, such as the purchase of equipment, to individual funds. The net revenue (expense), of the internal service fund is reported with the governmental activities.		543,664
Change in net position of governmental activities – SOA	$	1,266,016

The notes to the financial statements are an integral part of this statement

Town of Highland Park

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

September 30, 2017

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 12,592,311	$ 12,592,311	$ 12,593,539	$ 1,228
Sales taxes	3,779,265	3,779,265	3,480,389	(298,876)
Other taxes	192,000	192,000	219,135	27,135
Franchise fees	1,040,000	1,040,000	1,037,496	(2,504)
Penalties and interest	50,120	50,120	55,376	5,256
Licenses and permits	1,106,705	1,106,705	1,499,728	393,023
Service fees	1,403,620	1,403,620	1,423,343	19,723
Fines and forfeitures	539,900	539,900	462,396	(77,504)
Investment income	48,225	48,225	77,996	29,771
Contributions	-	-	22,408	22,408
Miscellaneous	284,925	284,925	314,940	30,015
Total revenues	21,037,071	21,037,071	21,186,746	149,675
Expenditures				
General government	2,225,197	2,196,617	1,923,974	272,643
Department of public safety	11,248,853	11,357,711	11,317,717	39,994
Town services	534,511	534,511	522,547	11,964
Street department	963,303	963,303	823,546	139,757
Street lighting department	186,939	186,939	172,221	14,718
Library	826,381	826,381	666,763	159,618
Parks department	1,526,787	1,526,787	1,445,195	81,592
Swimming pool	210,449	210,449	205,460	4,989
Municipal court	380,175	380,175	371,904	8,271
Finance department	824,983	824,983	811,923	13,060
Building inspection department	603,990	603,990	553,578	50,412
Capital Outlay	-	28,580	11,258	17,322
Total Expenditures	19,531,568	19,640,426	18,826,086	814,340
Excess of Revenues over Expenditures	1,505,503	1,396,645	2,360,660	964,015
Other Financing Sources (Uses)				
Sales of general capital assets	-	-	3,011	(3,011)
Transfers in	1,148,900	1,148,900	1,058,100	90,800
Transfers out	(2,675,892)	(2,675,892)	(2,675,892)	-
Net other financing sources	(1,526,992)	(1,526,992)	(1,614,781)	87,789
Net Change in Fund Balances	(21,489)	(130,347)	745,879	1,051,804
Fund Balances, Beginning of Year	4,691,065	4,691,065	4,691,065	-
Fund Balances, End of Year	$ 4,669,576	$ 4,560,718	$ 5,436,944	$ 1,051,804

The notes to the financial statements are an integral part of this statement

Town of Highland Park
Proprietary Funds
Statement of Net Position
September 30, 2017

	Enterprise Fund	Governmental Activities – Internal Service Funds
Current Assets		
Cash and cash equivalents	$ 3,248,234	$ 3,660,674
Investments	806,715	2,018,516
Receivables (net of allowances for uncollectibles)		
Water, Sewer and Sanitation		
Billed	1,198,581	-
Unbilled	466,373	-
Interest	91	2,534
Inventories	169,160	-
Prepaids	19,325	-
Total current assets	5,908,479	5,681,724
Non-Current Assets		
Restricted cash and cash equivalents	194,410	-
Net pension asset	29,225	-
Capital assets		
Land	238,750	-
Buildings	20,197	-
Improvements other than buildings	32,257,417	-
Vehicles and rolling stock	-	3,298,658
Machinery and equipment	692,225	4,501,936
Office furniture and equipment	25,326	-
Construction in progress	3,006,298	766,640
Accumulated depreciation	(11,141,180)	(4,942,356)
Capital assets, net of accumulated depreciation	25,099,033	3,624,878
Total non-current assets	25,322,668	3,624,878
Total assets	31,231,147	9,306,602
Deferred Outflows of Resources		
Deferred pension contributions	55,931	-
Deferred pension investment loss	385,503	-
Deferred pension experience loss	73,232	-
Deferred pension assumption change loss	117,891	-
Total deferred outflows of resources	632,557	-
Liabilities		
Current Liabilities		
Vouchers payable	$ 885,180	$ 74,797
Retainage payable	34,213	-
Accrued liabilities	25,307	-
Deposits	194,410	-
Compensated absences-current	83,835	-
Total current liabilities	1,222,945	74,797
Noncurrent Liabilities		
OPEB	90,193	-
Compensated absences	40,450	-
Total noncurrent liabilities	130,643	-
Total liabilities	1,353,588	74,797
Deferred Inflows of Resources	73,593	-
Net Position		
Investment in capital assets	25,064,820	3,624,878
Restricted for pensions	588,189	-
Unrestricted	4,783,514	5,606,927
Total net position	$ 30,436,523	$ 9,231,805

The notes to the financial statements are an integral part of this statement

Town of Highland Park

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

Year Ended September 30, 2017

	Enterprise Fund	Governmental Activities – Internal Service Funds
Operating Revenues		
Water sales	$ 6,552,041	$ -
Sewer services	2,787,880	-
New connections	31,700	-
Plumbing permits	52,295	-
Penalties for late payments	76,168	-
Inter-department water sales	134,850	-
Charges for services	1,236,531	1,426,787
Miscellaneous	12,931	16,436
Total operating revenues	10,884,396	1,443,223
Operating Expenses		
Personnel services	1,493,996	-
Materials and supplies	2,837,972	19,879
Services and charges	2,510,316	420,525
Depreciation	841,775	592,216
Total operating expenses	7,684,059	1,032,620
Operating income	3,200,337	410,603
Nonoperating Revenues		
Investment income	38,202	53,007
Gain on sale of assets	-	55,156
Total nonoperating revenues	38,202	108,163
Net income before contributions and transfers	3,238,539	518,766
Capital contributions	283,600	-
Intergovernmental contributions	485,105	-
Transfers in	442,088	24,898
Transfers out	(1,626,631)	-
Net transfers and contributions	(415,838)	24,898
Change in Net Position	2,822,701	543,664
Net Position, Beginning of Year	27,613,822	8,688,141
Net Position, End of Year	$ 30,436,523	$ 9,231,805

The notes to the financial statements are an integral part of this statement

Town of Highland Park
Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2017

	Enterprise Fund	Governmental Activities – Internal Service Funds
Operating Activities		
Cash received from customers	$ 10,855,835	$ 1,443,223
Cash payments to employees	(1,408,022)	-
Cash payments to other suppliers for goods and services	(5,014,933)	(392,307)
Net cash provided by operating activities	4,432,880	1,050,916
Noncapital Financing Activities		
Transfers to other funds, net	(1,159,645)	-
Net cash used in noncapital financing activities	(1,159,645)	-
Capital and Related Financing Activities		
Acquisition or construction of capital assets	(3,704,143)	(1,418,975)
Intergovernmental contributions	485,105	-
Proceeds from sale of capital assets	-	62,111
Net cash used in capital and related financing activities	(3,219,038)	(1,356,864)
Investing Activities		
Investment income	38,202	53,007
Sales of investments	502,146	1,000,000
Purchases of investments	(756,003)	(761,170)
Net cash used in investing activities	(215,655)	291,837
Net Decrease in Cash and Cash Equivalents	(161,458)	(14,111)
Cash and Cash Equivalents, Beginning of Year	3,604,102	3,674,785
Cash and Cash Equivalents, End of Year	3,442,644	3,660,674
Reconciliation to the Statement of Net Position		
Cash and cash equivalents	3,248,234	3,660,674
Restricted cash and cash equivalents	194,410	-
	$ 3,442,644	$ 3,660,674
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 3,200,337	$ 410,603
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	841,775	592,216
Pension expense	169,176	-
Change in assets and liabilities		
Decrease (increase) in receivables	(30,186)	-
Decrease (increase) in inventories	(13,353)	-
Decrease (increase) in prepaid expenses	(11,481)	-
Increase (decrease) in vouchers payable	358,189	48,097
Increase (decrease) in accrued wages payable	(81,577)	-
Total adjustments	1,232,543	640,313
Net cash provided by operating activities	$ 4,432,880	$ 1,050,916
Noncash Capital Financing Activities		
Capital assets transferred from Enterprise Funds to Internal Service Funds	$ (24,898)	$ 24,898
Capital assets acquired by contribution	$ 283,600	$ -

The notes to the financial statements are an integral part of this statement

Town of Highland Park
Notes to Financial Statements
September 30, 2017

Note 1: Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Highland Park, Texas (Town), relating to the financial statements for the year ended September 30, 2017, conform to generally accepted accounting principles for local governmental units. The more significant accounting policies are summarized below.

Reporting Entity

In defining the scope of the Town for financial reporting purposes, the Town conforms to the criteria of the Government Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity* as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus*. The Town's basic financial statements include all organizations and activities determined to be part of the Town's reporting entity. No other governmental organizations are includable within the Town's reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, ambulance fees and fines, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of change in net position, financial position and changes in cash flows. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the proprietary fund's activities are included on its statement of net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and of the Town's Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

The Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Town's Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes and include the following:

Stormwater Drainage Fund – Accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

Employee Christmas Fund – Accounts for the collection of unsolicited contributions of citizens and the distribution to the Town's employees.

Forfeited Property Fund – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – Accounts for the Municipal Court technology fee charged to defendants as specified by state law.

Court Security Fund – Accounts for the Municipal Court security fee charged to defendants as specified by state law.

DPS Technology Fund – Accounts for the receipt and expenditure of resources allocated to technology acquisitions and upgrades for the Department of Public Safety.

Library Fund – Accounts for the receipt of royalty revenues restricted to the Library.

The Town reports the following major enterprise fund:

Enterprise Fund – The Town's Enterprise Fund is used to account for operations of the Town's sale of treated water and the disposal of sewage, as well as the collection and disposal of solid waste and recyclables, for its citizens.

Additionally, the government reports the following fund type:

Internal Service Fund – The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments within the Town. The Equipment Replacement Fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town. The Building Maintenance Fund is used to account for repairs and maintenance to buildings owned by the Town. The Technology Replacement Fund is used to account for the replacement of technology equipment.

Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets and Budgetary Accounting

The Town's general policies and procedures in establishing the budgetary data reflected in the financial statements are described below.

1. The Town Administrator acts as budget officer and prepares a proposed budget covering the expenditures of the Town in accordance with the provisions of the Town Charter.

2. A copy of the proposed budget is filed in the office of the Town Secretary no less than 30 days prior to the end of the fiscal year in accordance with provisions of the Town Charter.

3. A public hearing is conducted at a regular Town Council meeting to obtain citizen comments.

4. Notice of a public hearing relating to budget adoption is duly advertised by the Town Secretary in accordance with the provision of Vernon's Annotated Civil Statutes.

5. Prior to September 30, the budget is legally enacted through passage of an ordinance.

6. Amendments to the budget are made at regularly scheduled Town Council meetings with notice of public hearing posted three days prior to the meeting.

7. The Town's budget is a line-item budget. Overall control is the responsibility of the Town Administrator with each respective department head being responsible for the administration of their departmental budgets. The department head has the flexibility of transferring appropriations between line items within the department as long as the total departmental appropriations are not exceeded. The exception to this policy is that no recognized salary or capital budgetary savings can be transferred without prior authorization of the Town Administrator.

8. Encumbrances outstanding at the end of the year that the Town intends to pay during the next year are appropriated in next year's budgeted expenditures as appropriations expire at year-end.

9. Formal budgetary integration is employed as a management control device during the current year for the General Fund, Enterprise Fund, and Internal Service Funds.

10. The legally adopted budget for the General Fund is adopted on the modified accrual basis of accounting. Budgeted amounts are as amended.

Expenditures in excess of the budget may occur within individual expenditure accounts without Town Council approval. The Town Council must approve all expenditures in excess of the budget on a departmental basis.

11. The legally adopted budgets for the Enterprise Fund and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP"), except that capital outlays are treated as expenses.

Inventories of Supplies

Inventories of supplies are stated at cost (first-in, first-out) and are determined by physical count. Inventory item expenditures are recognized when used under the consumption method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in the government-wide and fund financial statements. The Town uses the consumption method in the governmental funds.

Property, Plant and Equipment

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the Town, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	12-20
Machinery and equipment	5-20
Office furniture and equipment	10
Computer equipment	3-5
Police sedans	5
Pickups/small trucks	5
Medium/heavy trucks	6-7
Fire apparatus	15

Pensions

For purposes of measuring the net pension asset, pension related deferred outflows and inflows of resources, and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's Total Pension Asset is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB Statement No. 78, *Pensions Provided by Certain Multiple-Employer Defined Benefit Plans,* GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference due to changes in assumptions – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Unavailable revenue in governmental funds – These resources unavailable for revenue recognition are deferred and recognized as revenue when available.

Accumulated Unpaid Compensated Absences

It is the Town's policy to permit employees to accumulate certain earned but unused vacation, comp time, and sick pay benefits. Liabilities for compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Accumulated personnel leave is accrued in the Enterprise Fund and in the government-wide statements as a current liability based upon unpaid amounts as of September 30, 2017, that must be paid by December 31, 2017, and amounts that become vested as of September 30, 2017, that must be paid within a one-year period. Otherwise, remaining amounts that have been earned but are not expected to be paid within a one-year period are included as long- term liabilities in the Enterprise Fund and in the government-wide statements.

Encumbrances

Encumbrances outstanding at the end of the year are not included in the expenditures of the General Fund. Assigned fund balance is established and a budget reappropriation made for those amounts the Town intends to pay during the next year applicable to next year's budget appropriations.

Fund Balance

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with this statement, the Town classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Town through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to an Ordinance passed by the Town Council.

Assigned – includes fund balance amounts that are self-imposed by the Town to be used for a particular purpose. Fund balance can be assigned by the Town's Council or the Director of Administrative Services & Chief Financial Officer as established in the Town's Statement of Financial Management Policies. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Minimum Fund Balance Policy – It is the policy of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 17% of non-capital expenditures.

Property Tax

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 for the current fiscal year and are due and payable on or before January 31 of the following year. Dallas County bills and collects property taxes on behalf of the Town. The property tax revenues are recognized when levied to the extent that they result in current receivables. The tax rate for the current year was $0.22 on each $100 of assessed valuation.

New Financial Reporting Requirements:

The GASB has issued the following statements which became effective for fiscal year 2017 and are applicable to the Town.

Statement No. 78, *Pensions Provided by Certain Multiple-Employer Defined Benefit Plans* – This statement addresses practice issues regarding the scope and applicability of GASB 68. Implementation of GASB 78 was limited to note disclosures.

Statement No. 82, *Pensions Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* – This statement addresses issues regarding the presentation of payroll-related measures in required supplementary information among other items. Implementation of GASB 82 was limited to note disclosures.

Note 2: Deposits and Investments

The Town's management of deposits and investments are directed by its Statement of Investment Policies (Policies), adopted by the Town Council. The Policies are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices. Authorized investments include obligations of the United States or its agencies and instrumentalities (excluding mortgage-backed securities), direct obligations of the State of Texas or its agencies and instrumentalities, collateralized certificates of deposit, eligible local government investment pools and money market mutual funds meeting specific conditions. Repurchase agreements, reverse purchase agreements, bankers' acceptances and commercial paper are also authorized to the extent that they may be contained in the portfolios of approved local government investment pools. Investments are held until maturity or until market values equal or exceed cost.

In accordance with GASB Statement No. 31 and No. 72, the Town's participating investments with a remaining maturity at time of purchase of less than one year and non-participating investments are reported utilizing an amortized cost measure. Participating investments with a remaining maturity at date of purchase of more than one year are reported at fair value.

Any unrealized gain/loss resulting from the valuation is recognized in the respective funds that participate in the Town's investment pool. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds and the Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturity of three (3) months or less from the date of acquisition.

The Town's carrying amounts of cash and cash equivalents as of September 30, 2017, as reflected in the financial statements, are:

Cash and cash equivalents	$	16,596,191
Restricted cash and cash equivalents		709,913
Investments		7,422,595
Restricted investments		151,985
	$	24,880,684

The Town's deposits, including certificates of deposits, are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged to the Town, and held in the Town's name. The balances held at financial institutions at year-end were $24,850,281.

Deposits and investments as of September 30, 2017, consist of the following		
Deposits	$	17,305,672
Certificates of deposit		7,560,820
Pooled investments		14,192
	$	24,880,684

The table below identifies the investment types that are allowed for the Town by the Public Funds Investment Act (Government Code Chapter 2265.) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	3 Years	80%	None
U.S. Government Agency Securities and Instruments of Government-Sponsored Corporations	3 Years	80%	None
Authorized Local Government Investment Pool (per Pool)	3 Years	75%	None
Fully Collateralized Certificates of Deposit	3 Years	80%	50%
SEC-Regulated No-Load Money Market Mutual Fund (per Fund)	3 Years	25%	50%
Municipal Bonds	3 Years	25%	5%

The Town maintains a comprehensive and proactive cash management program which is designed to monitor and control all Town funds to ensure maximum utilization and yield a market rate of return. The basic and underlying strategy of this program is that all the Town's funds are earning interest. The Town's investment strategy emphasizes low credit risk, diversification, and the management of maturities.

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 270 days. As of September 30, 2017, the Town did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. As of September 30, 2017, the Town had the following investments:

Investment Type	Carrying Amount	Maturities Less than 1 year	Rating as of Year-End
Pooled investments	$ 14,192	$ 14,192	AAA

Concentration of Credit Risk – Diversification of investment instruments shall be utilized to avoid incurring unreasonable risks resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities. With the exception of U.S. Government securities (debt obligations issued by the U.S. Government, its agencies, or instrumentalities) as authorized in the Town's investment policy, no more than 80% of the total investment portfolio will be invested in any one security type or with a single financial institution, with the exception of the Town's designated depository bank. Diversification of the portfolio considers diversification by maturity dates and diversification by investment instrument.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Texas Government Code, Section 2257, collateral for Public Funds establishes the requirement of and the criteria for securing deposited public funds. The Town's investment policy further defines eligible securities acceptable for securing Town deposits at a level equal to at least 102% of deposits plus any accrued interest less any amount insured by the Federal Deposit Insurance Corporation. As of September 30, 2017, the Town's deposits with its financial institution in excess of federal depository insurance limits were fully collateralized.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town avoids custodial credit risk on investments through its investment policy which further limits eligible instruments for investments of public funds. As of September 30, 2017, the Town had no custodial credit risk on its investments.

Investment in State Investment Pools – During the year, the Town invested in a public fund investment pool (LOGIC). Investments in the pool are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the Town has not issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pool. The fair value of the position of the pool is measured at net asset value and is designed to approximate the share value. LOGIC'S governing body is a six-member board of directors comprised of individuals who are employees, officers, or elected officials of participants in the fund or who do not have a business relationship with the fund and are qualified to advise. A maximum of two advisory board members will supplement the board and will be employees or members of the firm providing managerial services to the fund and will represent the general manager of the fund. LOGIC is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The pool's investment objective and strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. LOGIC offers same day access to investment funds.

Note 3: Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental				Business-type Activities	
	General	Capital Projects	Other Governmental Funds	Total Governmental	Enterprise	Internal Service Funds
Taxes receivable	$ 1,057,777	$ -	$ -	$ 1,057,777	$ -	$ -
Allowance for uncollectible taxes	(53,560)	-	-	(53,560)	-	-
	1,004,217	-	-	1,004,217	-	-
Accounts receivable	491,017	-	202	491,219	1,675,239	-
Allowance for uncollectible accounts	(164,921)	-	-	(164,921)	(10,285)	-
	326,096	-	202	326,298	1,664,954	-
Interest receivables	810	1,175	-	1,985	91	2,534
Total	$ 1,331,123	$ 1,175	$ 202	$ 1,332,500	$ 1,665,045	$ 2,534

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance September 30, 2016	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2017
General Capital Assets					
Capital assets not being depreciated					
Land	$ 4,193,026	$ -	$ -	$ -	$ 4,193,026
Construction in progress	1,067,637	1,061,411	-	(1,545,235)	583,813
Total capital assets not being depreciated	5,260,663	1,061,411	-	(1,545,235)	4,776,839
Capital assets being depreciated					
Buildings	22,374,494	-	-	-	22,374,494
Capital improvements	37,590,795	-	-	1,545,235	39,136,030
Furniture and fixtures	40,444	-	-	-	40,444
Office equipment	400,155	-	-	-	400,155
Machinery and equipment	1,557,496	-	(19,445)	-	1,538,051
Total capital assets being depreciated	61,963,384	-	(19,445)	1,545,235	63,489,174
Less accumulated depreciation for					
Buildings	(2,694,653)	(680,713)	-	-	(3,375,366)
Capital improvements	(18,787,492)	(935,215)	-	-	(19,722,707)
Furniture and fixtures	(15,135)	(3,455)	-	-	(18,590)
Office equipment	(263,521)	(35,682)	-	-	(299,203)
Machinery and equipment	(1,478,516)	(13,101)	13,095	-	(1,478,522)
Total accumulated depreciation	(23,239,317)	(1,668,166)	13,095	-	(24,894,388)
Capital assets being depreciated, net	38,724,067	(1,668,166)	(6,350)	1,545,235	38,594,786
Internal Service Fund Capital Assets					
Capital assets not being depreciated					
Construction in progress	117,804	648,837	-	-	766,641
Total capital assets not being depreciated	117,804	648,837	-	-	766,641
Capital assets being depreciated					
Machinery and equipment	4,008,811	493,126	-	-	4,501,937
Vehicles and rolling stock	3,280,013	277,012	(283,264)	24,898	3,298,659
Total capital assets being depreciated	7,288,824	770,138	(283,264)	24,898	7,800,596
Less accumulated depreciation for					
Machinery and equipment	(2,562,987)	(333,435)	-	-	(2,896,422)
Vehicles and rolling stock	(2,063,461)	(258,781)	276,309	-	(2,045,933)
Total accumulated depreciation	(4,626,448)	(592,216)	276,309	-	(4,942,355)
Total capital assets being depreciated, net	$ 2,662,376	$ 177,922	$ (6,955)	$ 24,898	$ 2,858,241
Governmental activities capital assets, net	$ 46,764,910	$ 220,004	$ (13,305)	$ 24,898	$ 46,996,507

	Balance September 30, 2016	Additions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Business-type Activities					
Capital assets not being depreciated					
Land	$ 238,750	$ -	$ -	$ -	$ 238,750
Construction in progress	1,685,786	3,679,245	-	(2,358,733)	3,006,298
Total capital assets not being depreciated	1,924,536	3,679,245	-	(2,358,733)	3,245,048
Capital assets being depreciated					
Building	20,197	-	-	-	20,197
Improvements other than buildings	29,615,084	308,498	-	2,333,835	32,257,417
Machinery and equipment	692,225	-	-	-	692,225
Office furniture and equipment	25,326	-	-	-	25,326
Total capital assets being depreciated	30,352,832	308,498	-	2,333,835	32,995,165
Less accumulated depreciation for					
Building	(20,197)	-	-	-	(20,197)
Capital improvements	(9,722,578)	(800,320)	-	-	(10,522,898)
Machinery and equipment	(536,804)	(40,900)	-	-	(577,704)
Office equipment	(19,826)	(555)	-	-	(20,381)
Total accumulated depreciation	(10,299,405)	(841,775)	-	-	(11,141,180)
Total capital assets being depreciated, net	$ 20,053,427	$ (533,277)	$ -	$ 2,333,835	$ 21,853,985
Business-type activities capital assets, net	$ 21,977,963	$ 3,145,968	$ -	$ (24,898)	$ 25,099,033

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	$ 646,484
Public safety	151,244
Town services	12,843
Street department	720,244
Street lighting department	1,645
Library	70,528
Parks department	38,467
Swimming pool	26,711
Total Depreciation Expense — General Capital Assets	1,668,166
Internal Service Fund	592,216
	$ 2,260,382
Business-type Activities Enterprise Fund	$ 841,775

Note 5: Interfund Transactions

Interfund transfers are made throughout the fiscal year for a variety of reasons. Transfers made during fiscal year 2017 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General fund	$ 1,058,100	$ 2,675,892	Budgetary
Capital projects fund	3,204,537	1,643,200	Capital Projects
Internal service funds	24,898	-	Capital Assets
Nonmajor governmental funds	1,350,000	133,900	Budgetary
Enterprise fund	442,088	1,626,631	Budgetary
	$ 6,079,623	$ 6,079,623	

Note 6: Long-term Liabilities

Long-term liability activity for the year ended September 30, 2017 was as follows:

The compensated absences liability and net other postemployment benefit obligation attributable to the governmental activities will be liquidated by the General Fund.

	Beginning of Year	Additions	Deletions	End of Year	Within One Year
Governmental activities					
Compensated absences	$ 1,591,573	$ 746,538	$ (725,856)	$ 1,612,255	$ 780,170
OPEB liability	520,035	21,660	-	541,695	-
Total	$ 2,111,608	$ 768,198	$ (725,856)	$ 2,153,950	$ 780,170
Business-type activities					
Compensated absences	$ 217,870	$ 57,580	$ (151,165)	$ 124,285	$ 83,835
OPEB liability	79,810	10,383	-	90,193	-
Total	$ 297,680	$ 67,963	$ (151,165)	$ 214,478	$ 83,835

Note 7: Retirement Plans

Texas Municipal Retirement System

Plan Description

The Town participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided:

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the Town are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	0%
Annuity increase to retirees	0% of CPI

Employees covered by benefit terms –

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	32
Active employees	121
	258

Contributions:

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined and for the fiscal year ended September 30, 2017, the Town made contributions of $600,931 or 4.88% of covered payroll.

Net Pension Asset:

The Town's Net Pension Asset (NPA) was measured as of December 31, 2016 and the Total Pension Asset (TPA) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustments are used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates are based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
Total	100.0%	

Discount Rate –

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Asset:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
	(a)	(b)	(a) - (b)
Balance at September 30, 2016	$ 69,095,030	$ 69,250,654	$ (155,624)
Changes for the year:			
Service cost	1,581,867	-	1,581,867
Interest	4,601,305	-	4,601,305
Difference between expected and actual experience	(335,432)	-	(335,432)
Changes in assumptions	-	-	-
Contributions-employer	-	374,590	(374,590)
Contributions-employee	-	835,073	(835,073)
Net investment income	-	4,678,472	(4,678,472)
Benefit payments, including refunds of employee contributions	(3,436,976)	(3,436,976)	-
Administrative expense	-	(52,856)	52,856
Other changes	-	(2,848)	2,848
Net Changes	2,410,764	2,395,455	15,309
Balance at September 30, 2017	$ 71,505,794	$ 71,646,109	$ (140,315)

Sensitivity of the net pension (asset) liability to changes in the discount rate –

The following presents the net pension (asset) liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension (asset) liability	$8,238,538	($140,315)	($7,205,653)

Pension Plan Fiduciary Net Position –

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2017, the Town recognized pension expense of $2,238,471.

At September 30, 2017, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actuarial assumptions and actual experience	$ 641,233	$ 654,811
Changes in actuarial assumptions used	1,027,447	-
Difference between projected and actual investment earnings	3,349,726	-
Contributions subsequent to the measurement date	512,539	-
Total	$ 5,530,945	$ 654,811

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $512,539 will be recognized as an addition of the net pension asset for the measurement year ending December 31, 2017 (i.e. recognized in the Town's financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

September 30	
2018	$ 1,509,086
2019	1,510,979
2020	1,404,264
2021	(60,734)
Total	$ 4,363,595

Deferred Compensation Plan

The Town offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees. Under this plan, employees may defer receipt of income. The plan is administered by the International City Management Association Retirement Corporation (ICMARC). All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the Town has no fiduciary responsibilities over the plan. It is therefore not reported in the financial statements of the Town.

Note 8: Postemployment Benefits

The Town offers retired employees the option to retain health and dental insurance coverage under the Town's insurance carrier until age 65 through a single employer defined benefit plan. The Town does not contribute funds for this coverage, and Retirees are required to pay all insurance premiums. While the Town does not directly pay premiums for retirees, the Town's cost for insurance coverage is affected by the inclusion of these individuals in the group. This effect on cost is considered to be an implicit rate subsidy. There were nine participating retirees receiving health and dental insurance coverage as of September 30, 2017. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement, and the continued provision of these benefits is based entirely on the discretion of the Town Council. At September 30, 2017, there were approximately 117 active members.

Before the age of 65, retired employees are allowed to remain on the Town's healthcare insurance. The Town bills retirees quarterly in advance for the cost of their premiums and the Town remits these premiums at the same time it remits premiums for active employees. Contributions to the plan by the Town during the year (which equals the premiums paid by the Town) was zero ($0).

Annual OPEB Cost

The Town's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

	September 30,		
	2017	2016	2015
Annual required contribution	$ 124,230	$ 120,612	$ 117,099
Interest on prior year net OPEB obligation	26,993	25,154	22,959
Adjustment to annual required contribution	(25,009)	(23,305)	(21,271)
Annual OPEB cost	126,214	122,461	118,787
Contributions made	(94,171)	(81,585)	(70,018)
Increase in net OPEB obligation	32,043	40,876	48,769
Net obligation, beginning of year	599,845	558,969	510,200
Net obligation, end of year	631,888	599,845	558,969
Percentage of OPEB costs contributed	74.6%	66.6%	58.9%

Funding Status and Funding Progress

The funded status of the plan as of actuarial measurement dates are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio as a Percentage	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	-	1,369,234	1,369,234	-	10,069,402	13.6%
12/31/11	-	1,277,323	1,277,323	-	10,893,439	11.7%
12/31/14	-	1,372,036	1,372,036	-	11,502,823	11.9%

Under the reporting parameters, the Town's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by $1,372,036 at December 31, 2014. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 11.9%.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Town's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the Town and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year, open amortization
Payroll growth	3.00% per annum
Medical Trend	Initial rate of 7.25% declining to an ultimate rate of 4.50%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Town's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: Commitments and Contingencies

The Town purchases treated water from a third-party through a contract which expires on April 18, 2032.

Sewage service is provided to the Town under a contract with a third-party which expires in 2044.

The Town contracts for the use of a sanitary landfill for solid waste disposal with a third-party. This landfill was permitted by the State of Texas in 1995 with a projected life of 37 years.

The Town contracts for solid waste collection services and collection of recyclable materials with a third-party which expires April 30, 2027.

No material litigation was outstanding against the Town as of September 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Highland Park

Schedule of Changes in Net Pension Asset and Related Ratios
Texas Municipal Retirement System
Required Supplementary Information
Last Three Fiscal Years
(Unaudited)

	2014	2015	2016
Total pension liability			
Service cost	$ 1,355,468	$ 1,408,625	$ 1,581,867
Interest	4,389,441	4,443,414	4,601,305
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(973,479)	1,099,257	(335,432)
Change in assumptions*	-	1,761,337	-
Benefit payments, including refunds of employee contributions	(3,272,671)	(4,781,270)	(3,436,976)
Net Change in Total Pension Liability	1,498,759	3,931,363	2,410,764
Total Pension Liability - Beginning	63,664,908	65,163,667	69,095,030
Total Pension Liability - Ending (a)	65,163,667	69,095,030	71,505,794
Plan fiduciary net position:			
Contributions - employer	636,106	444,414	374,590
Contributions - employee	805,198	787,570	835,073
Net investment income	4,038,451	107,358	4,678,472
Benefit payments, including refunds of employee contributions	(3,272,671)	(4,781,270)	(3,436,976)
Administrative expense	(42,166)	(65,395)	(52,856)
Other	(3,467)	(3,230)	(2,848)
Net Change in Plan Fiduciary Net Position	2,161,451	(3,510,553)	2,395,455
Plan Fiduciary Net Position - Beginning	70,599,756	72,761,207	69,250,654
Plan Fiduciary Net Position - Ending (b)	72,761,207	69,250,654	71,646,109
Net Pension Asset - Ending (a) - (b)	$ (7,597,540)	$ (155,624)	$ (140,315)
Plan fiduciary net position as a percentage of total pension asset	111.66%	100.23%	100.20%
Covered payroll	$ 11,502,823	$ 11,271,001	$ 11,929,614
Net pension asset as a percentage of covered payroll	66.05%	1.38%	1.18%

*The long-term expected rate of return on pension plan investments decreased from 7% to 6.75% in 2015.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension asset and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

Town of Highland Park
Schedule of Contributions
Texas Municipal Retirement System
Required Supplementary Information
Last Three Fiscal Years
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Actuarially determined contribution	$ 504,539	$ 408,628	$ 600,931
Contributions in relation to the actuarially determined contribution	504,539	408,628	600,931
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered payroll	$ 11,452,658	$ 12,214,139	$ 12,306,527
Contributions as a percentage of covered payroll	4.41%	3.35%	4.88%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2011 – 2014.
Mortality	RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

The information in this schedule has been determined as of the measurement date (December 31) of the Town's net pension asset and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods for which such information is available are presented.

Town of Highland Park

Schedule of Other Postemployment Plan Funding and Contributions

Required Supplementary Information

(Unaudited)

The funded status of the plan as of actuarial measurement dates are as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio as a Percentage	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/09	-	1,369,234	1,369,234	-	10,069,402	13.6%
12/31/11	-	1,277,323	1,277,323	-	10,893,439	11.7%
12/31/14	-	1,372,036	1,372,036	-	11,502,823	11.9%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Stormwater Drainage – Accounts for the collection of fees to protect the public health and safety from loss of life and property caused by surface water overflows, surface water stagnation and pollution arising from non-point source runoff within the Town.

Employee Christmas – Accounts for the collection of unsolicited contributions of citizens and the distribution to the Town's employees.

Forfeited Property – Accounts for the receipt of forfeited assets as a result of criminal activities and the funding of crime prevention programs and equipment.

Court Technology Fund – Accounts for the Municipal Court technology fee charged to defendants as specified by state law.

Court Security Fund – Accounts for the Municipal Court security fee charged to defendants as specified by state law.

DPS Technology Fund – Accounts for the receipt and expenditure of resources allocated to technology acquisitions and upgrades for the Department of Public Safety.

Library Fund – Accounts for royalty receipts that are restricted for the library.

Town of Highland Park
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds							
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	Total Nonmajor Funds
Assets								
Cash and cash equivalents	$ 1,720,449	$ 8,816	$ 32,076	$ 88,751	$ 7,227	$ 222,193	$ 151,256	$ 2,230,768
Investments	580,060	-	-	-	-	50,576	101,409	732,045
Receivables								
(net of allowances for uncollectibles)	73	-	-	-	-	14	115	202
Total Assets	$ 2,300,582	$ 8,816	$ 32,076	$ 88,751	$ 7,227	$ 272,783	$ 252,780	$ 2,963,015
Liabilities								
Vouchers payable	14,995	-	-	3,369	-	17,608	-	35,972
Retainage payable	-	-	-	-	-	-	4,110	4,110
Total liabilities	14,995	-	-	3,369	-	17,608	4,110	40,082
Fund Balances								
Restricted								
Crime prevention	-	-	32,076	-	-	-	-	32,076
Court technology	-	-	-	85,382	-	-	-	85,382
Court security	-	-	-	-	7,227	-	-	7,227
DPS technology	-	-	-	-	-	255,175	-	255,175
Library	-	-	-	-	-	-	248,670	248,670
Committed								
Stormwater drainage improvements	1,845,191	-	-	-	-	-	-	1,845,191
Employee Christmas fund	-	8,816	-	-	-	-	-	8,816
Assigned								
Drainage	440,396	-	-	-	-	-	-	440,396
Total fund balances	2,285,587	8,816	32,076	85,382	7,227	255,175	248,670	2,922,933
Total Liabilities and Fund Balances	$ 2,300,582	$ 8,816	$ 32,076	$ 88,751	$ 7,227	$ 272,783	$ 252,780	$ 2,963,015

Town of Highland Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2017

	Special Revenue Funds							
	Stormwater Drainage	Employee Christmas	Forfeited Property	Court Technology	Court Security	DPS Technology	Library	Nonmajor Funds
Revenues								
Service fees	$ 390,126	$ -	$ -	$ 35,508	$ 26,631	$ 183,359	$ -	$ 635,624
Contributions	-	3,520	-	-	-	-	12,494	16,014
Investment income	11,981	67	65	744	68	2,247	2,399	17,571
Miscellaneous	-	-	24,437	-	-	80,655	-	105,092
Total revenues	402,107	3,587	24,502	36,252	26,699	266,261	14,893	774,301
Expenditures								
Materials and supplies	10,951	-	-	4,099	-	-	-	15,050
Services and charges	79,099	-	982	17,813	-	198,325	11,383	307,602
Capital outlay	457,966	-	-	-	-	-	-	457,966
Total expenditures	548,016	-	982	21,912	-	198,325	11,383	780,618
Excess (deficiency) of revenues over expenditures	(145,909)	3,587	23,520	14,340	26,699	67,936	3,510	(6,317)
Other Financing Sources (Uses)								
Transfers in	1,350,000	-	-	-	-	-	-	1,350,000
Transfers out	(110,000)	-	-	-	(23,900)	-	-	(133,900)
Total other financing sources (uses)	1,240,000	-	-	-	(23,900)	-	-	1,216,100
Net change in fund balances	1,094,091	3,587	23,520	14,340	2,799	67,936	3,510	1,209,783
Fund Balances, Beginning of Year	1,191,496	5,229	8,556	71,042	4,428	187,239	245,160	1,713,150
Fund Balances, End of Year	$ 2,285,587	$ 8,816	$ 32,076	$ 85,382	$ 7,227	$ 255,175	$ 248,670	$ 2,922,933

INTERNAL SERVICE FUNDS

Equipment Replacement Fund – Accounts for the acquisition and disposal of vehicles and large dollar equipment for the Town.

Building Maintenance Fund – Accounts for repairs and maintenance to buildings owned by the Town.

Technology Replacement Fund – Accounts for the replacement of technology equipment.

Town of Highland Park
Combining Statement of Net Position
Internal Service Funds
September 30, 2017

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	$ 1,663,005	$ 727,370	$ 1,270,299	$ 3,660,674
Investments	1,512,603	-	505,913	2,018,516
Accrued interest	1,961	-	573	2,534
Total current assets	3,177,569	727,370	1,776,785	5,681,724
Capital Assets				
Vehicles and rolling stock	3,298,658	-	-	3,298,658
Machinery and equipment	200,511	-	4,301,425	4,501,936
Construction in progress	648,837	-	117,803	766,640
Accumulated depreciation	(2,045,933)	-	(2,896,423)	(4,942,356)
Net capital assets	2,102,073	-	1,522,805	3,624,878
Total Assets	$ 5,279,642	$ 727,370	$ 3,299,590	$ 9,306,602
Liabilities				
Current liabilities				
Vouchers payable	25,419	49,378	-	74,797
Total current liabilities	25,419	49,378	-	74,797
Net Position				
Net investment in capital assets	2,102,073	-	1,522,805	3,624,878
Unrestricted	3,152,150	677,992	1,776,785	5,606,927
Total net position	5,254,223	677,992	3,299,590	9,231,805
Total Liabilities and Net Position	$ 5,279,642	$ 727,370	$ 3,299,590	$ 9,306,602

Town of Highland Park

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

Year Ended September 30, 2017

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Revenues				
Charges for services	$ 405,383	$ 541,900	$ 479,504	$ 1,426,787
Miscellaneous	-	16,436	-	16,436
Total revenues	405,383	558,336	479,504	1,443,223
Operating Expenses				
Materials and supplies	27	19,827	25	19,879
Services and charges	3,907	416,618	-	420,525
Depreciation	258,781	-	333,435	592,216
Total operating expenses	262,715	436,445	333,460	1,032,620
Operating income	142,668	121,891	146,044	410,603
Nonoperating Revenues				
Investment income	31,519	5,141	16,347	53,007
Gain on sale of assets	55,156	-	-	55,156
Total nonoperating revenues	86,675	5,141	16,347	108,163
Net income before transfers	229,343	127,032	162,391	518,766
Transfers in	24,898	-	-	24,898
Change in Net Position	254,241	127,032	162,391	543,664
Net Position, Beginning of Year	4,999,982	550,960	3,137,199	8,688,141
Net Position, End of Year	$ 5,254,223	$ 677,992	$ 3,299,590	$ 9,231,805

Town of Highland Park
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2017

	Equipment Replacement Fund	Building Maintenance Fund	Technology Replacement Fund	Total Internal Service Funds
Operating Activities				
Cash received from customers	$ 405,383	$ 558,336	$ 479,504	$ 1,443,223
Cash payments to suppliers for goods and services	21,485	(405,925)	(7,867)	(392,307)
Net cash provided by operating activities	426,868	152,411	471,637	1,050,916
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(922,897)	-	(496,078)	(1,418,975)
Proceeds from sale of capital assets	62,111	-	-	62,111
Net cash used in capital and related financing activities	(860,786)	-	(496,078)	(1,356,864)
Investing Activities				
Sales of investments	500,000	-	500,000	1,000,000
Purchases of investments	(761,170)	-	-	(761,170)
Investment income	31,519	5,141	16,347	53,007
Net cash provided by (used in) investing activities	(229,651)	5,141	516,347	291,837
Net Increase (Decrease) In Cash and Cash Equivalents	(663,569)	157,552	491,906	(14,111)
Cash and Cash Equivalents, Beginning of Year	2,326,574	569,818	778,393	3,674,785
Cash and Cash Equivalents, End of Year	$ 1,663,005	$ 727,370	$ 1,270,299	$ 3,660,674
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	142,668	121,891	146,044	410,603
Adjustments to reconcile operating income to net cash provided by operating activities				
Item not requiring cash				
Depreciation	258,781	-	333,435	592,216
Change in				
Increase (decrease) in vouchers payable	25,419	30,520	(7,842)	48,097
Total adjustments	284,200	30,520	325,593	640,313
Net cash provided by operating activities	$ 426,868	$ 152,411	$ 471,637	$ 1,050,916
Noncash Capital Financing Activities				
Capital assets acquired by contribution from the Town's enterprise funds	$ 24,898	$ -	$ -	$ 24,898

STATISTICAL SECTION

This part of the Town of Highland Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and related supplementary information says about the Town's overall financial health.

Contents

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Financial Trends This section contains information to help the reader understand how the Town's financial performance and well-being have changed over time.	63-68
Revenue Capacity This section contains information to help the reader assess the Town's most significant local revenue source, the property tax.	69-72
Debt Capacity This section contains information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	73-74
Demographic and Economic Information This section contains information to help the reader understand the environment within which the Town's financial activities take place.	75-77
Operating Information This section contains information to help the reader understand how the information in The Town's financial report relates to the services the Town provides and the activities it performs.	78-80

Town of Highland Park
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year				
	2008	2009	2010	2010	2012
Governmental activities					
Net investment in capital assets	$ 30,389,551	$ 32,160,748	$ 31,868,002	$ 31,868,002	$ 36,283,176
Unrestricted	13,355,949	14,317,432	19,935,136	19,935,136	20,652,750
Total governmental activities net position	$ 43,745,500	$ 46,478,180	$ 51,803,138	$ 51,803,138	$ 56,935,926
Business-type activities					
Net investment in capital assets	$ 14,017,164	$ 14,185,694	$ 14,555,810	$ 14,555,810	$ 17,422,351
Unrestricted	6,425,104	7,720,131	3,025,372	3,025,372	1,933,334
Total business-type activities net position	$ 20,442,268	$ 21,905,825	$ 17,581,182	$ 17,581,182	$ 19,355,685
Primary government					
Net investment in capital assets	$ 44,406,715	$ 46,346,442	$ 46,423,812	$ 46,423,812	$ 53,705,527
Unrestricted	19,781,053	22,037,563	22,960,508	22,960,508	22,586,084
Total primary governmental net position	$ 64,187,768	$ 68,384,005	$ 69,384,320	$ 69,384,320	$ 76,291,611

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 42,861,512	$ 49,151,886	$ 47,756,610	$ 46,764,910	$ 46,950,588
Restricted	-	-	7,160,695	6,427,046	5,070,790
Unrestricted	16,332,102	10,753,328	13,107,840	15,495,335	17,931,929
Total governmental activities net position	$ 59,193,614	$ 59,905,214	$ 68,025,145	$ 68,687,291	$ 69,953,307
Business-type activities					
Net investment in capital assets	$ 18,280,047	$ 19,377,428	$ 20,559,598	$ 21,977,963	$ 25,064,820
Restricted	-	-	862,321	$ 757,365	588,189
Unrestricted	2,493,350	2,059,231	3,343,815	4,878,494	4,783,514
Total business-type activities net position	$ 20,773,397	$ 21,436,659	$ 24,765,734	$ 27,613,822	$ 30,436,523
Primary government					
Net investment in capital assets	$ 61,141,559	$ 68,529,314	$ 68,316,208	$ 68,742,873	$ 72,015,408
Restricted	-	-	8,023,016	7,184,411	5,658,979
Unrestricted	18,825,452	12,812,559	16,451,655	20,373,829	22,715,443
Total primary governmental net position	$ 79,967,011	$ 81,341,873	$ 92,790,879	$ 96,301,113	$ 100,389,830

Source: Town Comprehensive Annual Financial Report

Town of Highland Park
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	$ 698,577	$ 824,699	$ 1,316,352	$ 812,643
Department of public safety	9,628,878	9,867,090	10,164,906	10,188,243
Town services	-	-	-	-
Street department	812,623	867,698	1,061,747	1,090,129
Street lighting department	318,467	327,938	307,312	284,966
Library	619,876	644,462	772,491	745,811
Parks department	1,342,352	1,430,322	1,431,268	1,404,315
Swimming pool	171,912	197,907	228,852	228,565
Sanitation	-	-	-	-
Municipal court	320,864	318,937	343,042	341,435
Finance department	480,159	481,073	520,784	515,296
Building inspection department	348,730	402,380	539,980	391,923
Total governmental activities expenses	14,742,438	15,362,506	16,686,734	16,003,325
Business-type activities				
Enterprise	6,863,130	7,211,569	7,481,548	7,983,612
Total business-type activities expenses	6,863,130	7,211,569	7,481,548	7,983,612
Total primary government expenses	$ 21,605,568	$ 22,574,075	$ 24,168,282	$ 23,986,937
Program Revenues				
Governmental activities				
Charges for services				
General government	$ 196,385	$ 191,381	$ 206,255	$ 208,091
Department of public safety	713,878	755,635	568,974	741,602
Street department	301,998	335,778	118,743	120,887
Library	14,652	18,619	16,959	16,001
Parks department	12,955	12,680	11,720	10,360
Swimming pool	94,432	94,184	92,468	109,959
Sanitation*	-	-	-	-
Municipal court	728,369	662,570	676,094	728,149
Building inspection department	725,997	904,647	968,993	928,146
Operating grants and contributions	1,477,837	32,392	4,383	-
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	4,266,503	3,007,886	2,664,589	2,863,195
Business-type activities				
Charges for services	7,910,871	8,465,285	8,315,859	9,945,105
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	7,910,871	8,465,285	8,315,859	9,945,105
Total primary government program revenues	$ 12,177,374	$ 11,473,171	$ 10,980,448	$ 12,808,300

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 1,033,107	$ 1,973,256	$ 3,277,962	$ 2,757,174	$ 2,384,232	$ 2,619,896
10,214,838	10,575,157	10,831,500	10,864,166	12,739,997	12,791,955
-	-	-	-	581,762	535,389
1,117,699	1,175,073	1,850,685	1,830,746	1,833,046	2,124,658
206,703	237,734	190,317	188,515	173,948	174,281
768,755	712,953	701,144	813,700	858,706	748,880
1,240,538	1,350,947	1,429,901	1,393,455	1,440,116	1,560,182
192,559	199,939	181,970	193,642	207,793	232,174
1,039,230	1,073,427	1,133,782	1,094,766	1,093,055	-
319,953	329,474	280,071	352,954	411,642	394,023
473,970	733,642	780,928	765,516	757,264	780,238
392,023	406,813	426,574	475,766	526,709	553,578
16,999,375	18,768,415	21,084,834	20,730,400	23,008,270	22,515,254
6,702,773	6,278,852	6,411,751	6,027,849	6,303,437	7,684,059
6,702,773	6,278,852	6,411,751	6,027,849	6,303,437	7,684,059
$ 23,702,148	$ 25,047,267	$ 27,496,585	$ 26,758,249	$ 29,311,707	$ 30,199,313
$ 376,375	$ 376,083	$ 386,948	$ 500,509	$ 403,852	$ 416,071
666,846	761,759	737,090	745,218	871,979	856,381
134,859	144,332	138,687	153,689	-	-
15,347	10,512	10,310	11,033	10,770	8,729
10,560	10,520	11,482	14,086	11,722	11,643
103,531	105,095	97,840	95,699	98,254	100,667
1,254,088	1,242,590	1,231,340	1,236,438	1,235,509	-
684,318	845,028	787,331	789,631	1,016,752	1,194,712
926,297	963,254	1,232,986	1,370,473	1,008,806	1,453,459
-	101,770	98,069	77,503	38,436	38,422
-	1,175,308	702,885	338,170	892,238	402,065
4,172,221	5,736,251	5,434,968	5,332,449	5,588,318	4,482,149
8,237,561	8,640,478	8,109,508	8,735,372	9,685,418	10,884,396
627,941	-	42,880	780,300	551,244	768,705
8,865,502	8,640,478	8,152,388	9,515,672	10,236,662	11,653,101
$ 13,037,723	$ 14,376,729	$ 13,587,356	$ 14,848,121	$ 15,824,980	$ 16,135,250

Town of Highland Park
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2008	2009	2010	2011
Net (Expenses) Revenue				
Governmental activities	$ (10,475,935)	$ (12,354,620)	$ (14,022,145)	$ (13,140,130)
Business-type activities	1,047,741	1,253,716	834,311	1,961,493
Total primary government net expenses	$ (9,428,194)	$ (11,100,904)	$ (13,187,834)	$ (11,178,637)
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	$ 8,819,669	$ 9,481,304	$ 9,934,677	$ 9,714,359
Sales taxes	2,420,130	2,300,369	2,430,775	2,579,028
Other taxes	106,462	106,433	94,159	127,969
Franchise taxes	965,870	1,018,539	1,015,431	1,010,742
Penalty and interest on taxes	66,184	65,671	59,834	55,505
Investment income	767,451	402,349	131,159	108,877
Intergovernmental	1,765,797	1,293,877	87,379	211,751
Miscellaneous	277,280	418,758	393,567	492,970
Transfers	-	-	5,200,122	473,401
Total governmental activities	15,188,843	15,087,300	19,347,103	14,774,602
Business-type activities				
Investment income	190,569	209,841	41,168	12,469
Transfers	-	-	(5,200,122)	(473,401)
Total business-type activities	190,569	209,841	(5,158,954)	(460,932)
Total primary government	$ 15,379,412	$ 15,297,141	$ 14,188,149	$ 14,313,670
Change in Net Position				
Governmental activities	$ 4,712,908	$ 2,732,680	$ 5,324,958	$ 1,634,472
Business-type activities	1,238,310	1,463,557	(4,324,643)	1,500,561
Total primary government	$ 5,951,218	$ 4,196,237	$ 1,000,315	$ 3,135,033

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ (12,827,154)	$ (13,032,164)	$ (15,649,866)	$ (15,397,951)	$ (17,419,952)	$ (18,033,105)
2,162,729	2,361,626	1,740,637	3,487,823	3,933,225	3,969,042
$ (10,664,425)	$ (10,670,538)	$ (13,909,229)	$ (11,910,128)	$ (13,486,727)	$ (14,064,063)
$ 9,640,285	$ 9,744,640	$ 10,053,948	$ 10,671,716	$ 11,593,666	$ 12,627,053
2,923,273	2,952,203	3,437,806	3,514,625	3,616,074	3,480,389
146,057	160,250	189,232	175,550	191,407	219,135
1,078,503	965,140	1,024,422	1,051,658	1,021,287	1,037,496
45,662	46,903	54,809	49,867	48,196	55,376
80,420	56,257	53,695	49,550	92,266	206,841
-	-	-	-	-	-
510,315	416,286	462,208	451,252	429,777	488,288
1,900,955	948,173	1,085,346	1,003,851	1,099,425	1,184,543
16,325,470	15,289,852	16,361,466	16,968,069	18,092,098	19,299,121
12,168	4,259	7,971	6,519	14,288	38,202
(1,900,955)	(948,173)	(1,085,346)	(1,003,851)	(1,066,425)	(1,184,543)
(1,888,787)	(943,914)	(1,077,375)	(997,332)	(1,052,137)	(1,146,341)
$ 14,436,683	$ 14,345,938	$ 15,284,091	$ 15,970,737	$ 17,039,961	$ 18,152,780
$ 3,498,316	$ 2,257,688	$ 711,600	$ 1,570,118	$ 672,146	$ 1,266,016
273,942	1,417,712	663,262	2,490,491	2,881,088	2,822,701
$ 3,772,258	$ 3,675,400	$ 1,374,862	$ 4,060,609	$ 3,553,234	$ 4,088,717

Town of Highland Park

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Unaudited

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Total
2008	8,819,669	2,420,130	965,870	106,462	12,312,131
2009	9,488,571	2,300,369	1,030,631	106,433	12,926,004
2010	9,934,677	2,430,775	1,015,431	94,159	13,475,042
2011	9,714,359	2,579,028	1,010,742	127,969	13,432,098
2012	9,640,285	2,923,273	1,078,503	146,057	13,788,118
2013	9,744,640	2,952,203	965,140	160,250	13,822,233
2014	10,053,948	3,437,806	1,024,422	189,232	14,705,408
2015	10,671,716	3,514,625	1,051,658	175,550	15,413,549
2016	11,593,666	3,606,074	1,021,287	191,407	16,412,434
2017	12,627,053	3,480,389	1,037,496	219,135	17,364,073

Town of Highland Park

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	$ 642,309	$ 556,019	$ 460,713	$ -
Nonspendable	-	-	-	27,715
Restricted	-	-	-	113,942
Assigned	-	-	-	394,300
Unassigned	-	-	-	4,132,477
Unreserved	3,944,352	5,000,470	3,936,857	-
Total general fund	$ 4,586,661	$ 5,556,489	$ 4,397,570	$ 4,668,434
All other governmental funds				
Reserved	$ 5,292,585	$ 1,459,922	$ 4,350,933	$ -
Nonspendable	-	-	-	98
Restricted	-	-	-	191,872
Committed	-	-	-	8,676,585
Assigned	-	-	-	3,393,289
Unreserved, reported in Capital projects fund	1,772,979	5,527,375	13,974,662	-
Total all other governmental funds	$ 7,065,564	$ 6,987,297	$ 18,325,595	$ 12,261,844

Note: In fiscal year 2011, the Town implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned.

See *Note 1* to the Basic Financial Statements.

Source: Town Comprehensive Annual Financial Report

Fiscal Year						
2012	2013	2014	2015	2016	2017
$ -	$ -	$ -	$ -	$ -	$ -
15,227	148,475	32,055	12,844	22,992	159,937
128,634	-	-	24,000	14,000	14,000
338,756	614,758	625,122	883,224	1,136,308	1,377,190
3,935,117	3,203,691	4,296,843	4,047,254	3,517,765	3,885,817
-	-	-	-	-	-
$ 4,417,734	$ 3,966,924	$ 4,954,020	$ 4,967,322	$ 4,691,065	$ 5,436,944
$ -	$ -	$ -	$ -	$ -	$ -
170	253	-	-	-	-
59,441	246,497	281,565	401,476	516,425	628,530
12,400,573	3,684,791	2,234,474	4,002,298	5,810,044	7,523,730
2,080,320	6,032,322	172,921	219,488	833,609	1,054,012
-	-	-	-	-	-
$ 14,540,504	$ 9,963,863	$ 2,688,960	$ 4,623,262	$ 7,160,078	$ 9,206,272

Town of Highland Park

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	$ 12,315,728	$ 12,926,004	$ 13,389,605	$ 13,438,042
Penalties and interest	66,184	65,671	59,834	55,505
Licences and permits	784,591	965,340	1,051,114	1,008,939
Service fees	1,576,990	1,622,643	1,347,210	1,439,407
Fines and forfeitures	388,041	346,085	337,079	366,991
Investment income	693,784	344,529	114,596	95,122
Intergovernmental	1,765,797	1,293,877	87,379	211,751
Contributions	1,505,656	132,072	59,280	93,908
Miscellaneous	249,461	295,673	253,630	220,811
Total revenues	19,346,232	17,991,894	16,699,727	16,930,476
Expenditures				
General government	806,635	732,754	1,098,201	981,989
Department of public safety	9,472,901	9,490,181	9,947,630	9,986,728
Town services	-	-	-	-
Street department	785,334	856,776	318,650	350,868
Street lighting department	279,828	305,611	277,085	264,445
Library	605,344	569,968	638,351	609,131
Parks department	1,274,630	1,447,509	1,396,524	1,297,955
Swimming pool	179,667	174,098	205,395	198,620
Municipal court	239,087	252,461	299,360	291,393
Finance department	474,821	471,679	514,680	507,215
Building inspection department	344,512	397,138	534,673	391,807
Sanitation*	-	-	-	-
Capital outlay	8,350,999	2,403,131	887,491	3,926,731
Total expenditures	22,813,758	17,101,306	16,118,040	18,806,882
Excess (deficiency) of revenues over (under) expenditures	(3,467,526)	890,588	581,687	(1,876,406)
Other Financing Sources (Uses)				
Transfers in	1,538,834	978,934	8,066,620	2,127,772
Transfers out	(1,538,834)	(978,934)	(2,866,498)	(1,654,371)
Sale of assets	4,514	973	-	7,668
Total other financing sources (uses)	4,514	973	5,200,122	481,069
Net Change in Fund Balances	$ (3,463,012)	$ 891,561	$ 5,781,809	$ (1,395,337)

*Beginning in fiscal year 2017, sanitation activities are being reported in the Enterprise fund.

Fiscal Year						
2012	2013	2014	2015	2016	2017
$ 13,805,491	$ 13,767,078	$ 14,691,139	$ 15,505,358	$ 16,392,412	$ 16,293,063
45,662	46,903	54,809	49,867	48,196	55,376
995,508	1,041,353	1,273,423	1,424,885	1,050,004	1,499,728
2,875,018	2,928,470	2,914,043	2,960,189	3,108,151	3,096,463
351,545	442,995	429,429	406,839	474,179	462,396
72,398	49,886	42,428	37,436	67,366	153,834
-	-	-	-	-	-
99,042	1,277,078	800,954	415,673	930,674	440,487
316,099	373,058	340,951	450,151	347,894	420,032
18,560,763	19,926,821	20,547,176	21,250,398	22,418,876	22,421,379
1,126,197	1,822,661	2,324,629	2,188,987	1,777,454	2,014,024
9,984,927	10,289,647	10,442,551	11,189,760	11,177,755	11,517,024
-	-	-	-	503,180	522,547
374,173	362,468	349,310	377,557	1,133,508	1,416,617
169,907	199,859	175,276	186,869	160,212	172,221
625,146	639,355	625,195	743,172	776,121	678,146
1,220,933	1,267,715	1,353,546	1,385,583	1,307,206	1,445,195
162,743	168,316	153,275	166,016	181,082	205,460
297,165	315,970	276,807	352,954	400,708	393,816
471,900	731,295	781,748	791,310	757,116	811,923
392,023	405,514	422,026	475,766	526,709	553,578
1,039,230	1,069,999	1,102,043	1,094,766	1,093,055	-
2,775,231	8,418,334	9,611,560	1,353,905	1,463,636	1,061,411
18,639,575	25,691,133	27,617,966	20,306,645	21,257,742	20,791,962
(78,812)	(5,764,312)	(7,070,790)	943,753	1,161,134	1,629,417
4,794,899	3,424,075	2,713,791	3,896,967	5,109,975	5,612,637
(2,693,944)	(2,689,222)	(1,932,120)	(2,893,116)	(4,010,550)	(4,452,992)
5,817	2,008	1,312	-	-	3,011
2,106,772	736,861	782,983	1,003,851	1,099,425	1,162,656
$ 2,027,960	$ (5,027,451)	$ (6,287,807)	$ 1,947,604	$ 2,260,559	$ 2,792,073

Town of Highland Park

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Unaudited

	Estimated Market Value				
Fiscal Year	Residential Property	Business Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2008	5,187,681,250	54,237,020	1,230,557,711	4,011,360,559	0.2200
2009	5,258,242,810	55,586,640	1,253,698,502	4,364,487,558	0.2200
2010	5,282,026,170	61,504,450	1,157,219,102	4,573,579,178	0.2200
2011	5,126,357,780	59,937,910	1,081,695,766	4,437,430,774	0.2200
2012	5,057,262,630	56,732,470	1,057,634,320	4,406,947,910	0.2200
2013	5,058,223,790	61,252,130	1,038,248,559	4,446,174,261	0.2200
2014	5,220,705,430	72,506,290	1,053,795,597	4,598,788,373	0.2200
2015	5,650,613,160	79,298,850	1,195,241,564	4,924,436,786	0.2200
2016	6,184,790,790	78,087,300	1,342,579,935	5,324,500,745	0.2200
2017	6,703,062,340	91,050,750	1,450,954,097	5,765,524,023	0.2200

*Total Taxable Assessed Value includes Market Value for Commercial Improvements beginning in 2009

Source: Dallas Central Appraisal District

Town of Highland Park
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited

	Direct Rate	Overlapping Rates					
		County				School District	
Fiscal Year	Town of Highland Park Operating/ General Rate	Dallas County	Hospital District	Community College District	Total County	Highland Park I.S.D.	Dallas I.S.D.
2008	0.220000	0.22810	0.25400	0.08040	0.56250	1.03670	1.18340
2009	0.220000	0.22810	0.25400	0.08940	0.57150	1.09000	1.27134
2010	0.220000	0.23331	0.27400	0.09490	0.60221	1.11000	1.23781
2011	0.220000	0.24310	0.27100	0.09923	0.61333	1.11500	1.29035
2012	0.220000	0.24310	0.27100	0.11938	0.63348	1.13420	1.29035
2013	0.220000	0.24310	0.27100	0.11938	0.63348	1.13420	1.28209
2014	0.220000	0.24310	0.27600	0.12470	0.64380	1.12670	1.28209
2015	0.220000	0.24310	0.28600	0.12477	0.65387	1.11810	1.28209
2016	0.220000	0.24310	0.28600	0.12365	0.65275	1.11190	1.28209
2017	0.220000	0.24310	0.27940	0.12293	0.64543	1.15270	1.28209

Source: Dallas County Appraisal District

Town of Highland Park
Principal Property Taxpayers
September 30, 2017 and 2008
Unaudited

Taxpayer	2017 Taxable Assessed Value	2017 Rank	2017 Percentage of Total Town Taxable Assessed Value	2008 Taxable Assessed Value	2008 Rank	2008 Percentage of Total Town Taxable Assessed Value
HP Village Partners	$ 137,004,700	1	2.38%	$ 69,990,000	1	1.74%
Cox, Edwin L Trust	40,072,900	2	0.70%	20,175,000	3	0.50%
The 4500 Trust	34,000,000	3	0.59%			
Muse, John R	31,548,546	4	0.55%	21,824,008	2	0.54%
Crow, Harlan	31,090,586	5	0.54%	18,243,672	4	0.45%
L & B Depp UCEPP 5500	21,000,000	6	0.36%	15,454,000	5	0.39%
Intercity Investment	20,128,704	7	0.35%			
Mitchell, Amy	18,651,810	8	0.32%			
Jones. Jerral W. & Gene C.	17,642,588	9	0.31%			
Dallas Country Club	17,140,230	10	0.30%	10,331,520	10	0.26%
Gable Realty				13,310,000	6	0.33%
Crow, Trammell				11,561,992	9	0.29%
Corrigan Properties, Inc.				12,214,980	8	0.30%
Total	$ 368,280,064		6.39%	$ 193,105,172		4.81%
Total Assessed Valuation	$ 5,765,524,023		100.00%	$ 4,011,360,559		100.00%

Source: Dallas County Appraisal District.

Town of Highland Park

Property Tax Levies and Collections

Last Fiscal Ten Years

Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy*
2008	8,890,683	8,818,214	99.2%	63,056	8,881,270	99.9%
2009	9,603,740	9,535,060	99.3%	57,953	9,593,013	99.9%
2010	10,062,755	9,865,734	98.0%	50,613	9,916,347	98.5%
2011	9,764,883	9,681,165	99.1%	29,636	9,710,801	99.4%
2012	9,696,331	9,622,922	99.2%	14,826	9,637,748	99.4%
2013	9,783,604	9,683,980	99.0%	16,527	9,700,507	99.2%
2014	10,118,831	10,002,650	98.9%	8,959	10,011,609	98.9%
2015	10,836,257	10,732,287	99.0%	-	10,732,287	99.0%
2016	11,715,800	11,580,927	98.8%	-	11,580,927	98.8%
2017	12,686,330	12,564,113	99.0%	-	12,564,113	99.0%

*Percentage of Levy Collected to Date does not reflect the effect of post levy adjustments.

Source: Dallas County Tax Collection System - Tax Collector Monthly Reports

Town of Highland Park
Computation of Direct and Overlapping Debt
Year Ended September 30, 2017
Unaudited

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Town of Highland Park	$ -	-	$ -
Dallas County	199,545,000	2.69%	5,367,761
Dallas Community College District	263,140,000	2.61%	6,867,954
Dallas County Hospital District	703,770,000	2.69%	18,931,413
Dallas County Schools	40,330,000	2.69%	1,084,877
Dallas Independent School District	2,923,745,000	0.23%	6,724,614
Highland Park Independent School District	274,910,000	34.79%	95,641,189
	$ 4,405,440,000		$ 134,617,807
Total Direct and Overlapping Debt to Total Taxable Assessed Valuation			2.53%
Per Capita Overlapping Debt			$ 14,712.33

Note: The Estimated Percentage Applicable is the ratio of the total taxable values in Highland Park compared to total for each respective governmental unit.

Source: Municipal Advisory of Texas Estimated Overlapping Debt Statement

Town of Highland Park
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

As a home rule city, the Town of Highland Park is not limited by the law in the amount of debt it may issue. The Town's charter (Section 9.10) states:

The Town shall have the power to borrow money on the credit of the Town and to issue general obligation bonds and other evidence of indebtedness for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the state of Texas, and to issue refunding bonds to refund outstanding bonds and other evidences of indebtedness of the Town previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

The Town has no issued debt outstanding as of September 30, 2017.

Town of Highland Park

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2008	8,842	856,453,794	96,862	5.3
2009	8,842	856,453,794	96,862	7.2
2010	8,564	856,453,794	100,006	8.8
2011	8,580	1,001,903,760	116,772	8.1
2012	8,686	1,152,354,248	132,668	7.3
2013	8,815	1,134,984,140	128,756	4.9
2014	8,862	1,083,166,812	122,226	5.0
2015	8,950	1,107,947,350	123,793	4.0
2016	9,189	1,137,533,877	123,793	4.1
2017	9,150	1,097,751,914	119,973	3.4

Sources: US Census Bureau's American Fact Finder Report, US Census Population Estimate US Department of Labor – Bureau of Labor Statistics – DFW Region

Town of Highland Park

Principal Employers

Current Year and Nine Years Ago Unaudited

Unaudited

2017			2008		
Employer	Number of Establishments	Employees	Business Sector	Number of Establishments	Employees
Retail Trade	54	715	Retail Trade	51	584
Wholesale Trade	10	11	Wholesale Trade	12	95
Information	3	*	Information	5	*
Professional, Scientific & Technical Services	59	159	Professional, Scientific & Technical Services	43	158
Real Estate & Rental Leasing	26	*	Real Estate & Rental Leasing	27	82
Administrative & Support & Waste Management & Remediation	23	95	Administrative & Support & Waste Management & Remediation	13	28
Education Services	5	23	Education Services	2	*
Health Care & Social Assistance	24	*	Health Care & Social Assistance	22	*
Arts, Entertainment & Recreation	8	335	Arts, Entertainment & Recreation	8	*
Accommodations & Food Services	10	313	Accommodations & Food Services	10	313
Other Services (Except Public Administration)	12	179	Other Services (Except Public Administration)	13	81

*Information not available

Note: The Town of Highland Park is a relatively small municipality, with a radius of about 2.2 square miles. The town's most recent estimated population is approximately 9,150. Since there is no chamber of commerce in Highland Park, the only available information on employers is the Economic Census from the U.S. Census Bureau. This Census does not include information on individual businesses; rather, it contains only aggregate information by business sector. The information presented is from the most recent applicable Economic Census: 2016 was obtained from the 2012 Economic Census, and 2008 data was obtained from the 2007 Economic Census.

Town of Highland Park

Construction and Property Values

Last Ten Fiscal Years

Unaudited

	Commercial Construction*		Residential Construction*		Property Value**	
Fiscal Year	Number of Permits	Value	Number of Permits	Value	Real Property	Personal Property
2008	22	8,626,739	1,113	77,757,810	5,187,681,250	54,237,020
2009	21	41,335,048	870	53,601,984	5,549,244,010	56,490,150
2010	31	19,975,233	1,004	72,021,698	5,622,164,550	61,504,450
2011	38	8,985,914	1,097	76,604,257	5,447,807,590	69,937,910
2012	34	3,235,348	903	64,144,609	5,407,849,850	56,732,470
2013	33	4,517,931	1,150	69,905,735	5,423,170,690	61,252,130
2014	34	8,632,850	1,110	91,191,908	5,580,077,680	72,506,290
2015	48	12,690,806	1,162	100,306,992	6,040,379,500	79,298,850
2016	29	8,623,479	1,164	102,641,000	6,588,993,380	78,087,300
2017	30	23,812,724	1,083	110,263,580	7,125,427,370	91,050,750

*__Source:__ Town of Highland Park Permitting and Inspections Department

**__Source:__ Dallas Central Appraisal District

Town of Highland Park

Full-time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
General government	2.2	2.2	2.2	2.2	2.6	5.0	5.0	5.0	2.0	2.0
Public safety	70.3	69.0	69.0	69.0	69.0	69.0	69.0	69.0	70.0	70.5
Town services	-	-	-	-	-	-	-	-	3.0	3.0
Street	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Street lighting	1.7	1.7	1.7	1.7	1.8	2.0	1.0	1.0	1.0	1.0
Library	5.4	5.4	5.4	5.4	5.4	3.0	4.0	4.0	4.0	4.0
Parks	9.5	9.5	9.5	9.5	9.0	9.0	9.0	9.0	9.0	9.0
Municipal court	2.2	2.2	2.7	2.7	2.7	2.0	2.0	2.0	2.0	2.0
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Building inspection	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Service center	0.4	0.4	0.4	0.3	0.2	-	-	-	-	-
Information technology	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Utility administration	6.2	6.2	6.2	6.2	6.8	4.0	4.0	4.0	3.0	3.0
Water	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Sewer	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Sanitation	0.5	0.5	0.5	0.5	-	-	-	-	-	-
Engineering	4.5	4.5	4.5	4.5	4.5	4.5	5.0	5.0	5.0	5.0
Stormwater administration	0.5	0.5	0.5	0.5	0.5	0.5	-	-	-	-
Total	121.4	120.1	120.6	120.5	120.5	118.0	118.0	118.0	119.0	119.5

Source: Official Town Budget

Town of Highland Park

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year			
	2008	2009	2010	2011
Function/Program				
Administration				
Service Requests Processed	6,440	6,935	7,842	6,415
Public Safety				
Call Responses: Police	9,461	10,128	10,368	10,846
Call Responses: Fire	883	905	912	824
Call Responses: EMS	466	493	1,443	396
Citations Issued	8,566	8,584	7,871	8,410
Street				
Asphalt Repairs (Tons)	161	154	170	227
Storm Inlets	1,840	1,908	2,556	1,246
Library				
Total Circulation	48,264	63,729	60,444	58,377
Valid Library Cards	2,838	2,791	2,770	3,024
Swimming Pool				
Annual Passes Sold	1,737	1,676	1,680	1,590
Daily Passes Sold	2,132	2,679	2,325	2,881
Finance/Personnel				
Accounts Payable Checks Disbursed	3,499	3,301	3,581	3,489
Payroll Checks/ACH Disbursed	4,459	4,361	4,585	4,601
Building Inspection				
Total Inspections	3,193	2,837	2,654	2,838
Total Permits Issued	1,637	1,510	1,655	1,766
Water				
Meters Read	64,143	62,568	64,763	65,258
Meters Installed/Replaced	67	53	44	38
Sewer				
Service Calls	47	40	34	35
Mains Cleaned	1,060	903	871	920

Source: Town Departments

Fiscal Year					
2012	2013	2014	2015	2016	2017
5,286	4,858	5,479	4,483	4,744	4,103
10,159	10,434	9,744	10,352	10,945	10,530
778	751	914	812	815	621
392	398	386	399	417	369
8,099	9,189	8,069	7,958	9,596	12,054
524	676	335	554	300	250
1,080	1,346	1,224	1,536	1,400	1,518
57,171	43,814	43,964	45,588	47,449	47,317
2,945	2,568	2,359	2,456	2,577	2,739
1,501	1,523	1,467	1,344	1,360	1,365
2,554	3,260	2,100	2,752	3,059	2,540
3,128	3,150	3,533	3,378	3,450	3,160
4,696	4,670	4,375	4,001	4,026	3,963
3,088	3,121	2,982	3,924	4,449	4,347
1,825	1,183	1,922	1,862	1,865	1,748
66,736	67,263	65,665	66,302	66,777	66,136
19	631	453	537	252	107
40	26	50	54	29	22
1,087	533	665	562	522	585

Town of Highland Park

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	Fiscal Year			
	2008	2009	2010	2011
Function/Program				
Administration				
Municipal Building	1	1	1	1
Public Safety				
Stations	1	1	1	1
Fire Vehicles	3	3	3	3
EMS Vehicles	2	3	3	3
Patrol Vehicles	10	10	10	10
Street				
Streets (miles)	42	42	42	42
Library				
Libraries	1	1	1	1
Parks				
Parks	22	22	22	22
Tennis Courts	8	8	8	8
Swimming Pools	1	1	1	1
Water				
Water Mains (miles)	40	40	40	40
Fire Hydrants	252	252	252	252
Sewer				
Wastewater collection system (miles)	37	37	37	37

Source: Town Departments

Town of Highland Park

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
10	10	10	10	10	10
42	42	42	42	42	42
1	1	1	1	1	1
22	22	22	22	22	22
8	8	8	8	8	8
1	1	1	1	1	1
40	40	40	40	40	40
252	252	252	252	252	252
37	37	37	37	37	37